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## Western Leaders Expected to Duck Toughest Issues

By Hobart Rowen  
Washington Post Service

OTTAWA — President Reagan and the six other leaders of the industrialized democracies on Tuesday appeared ready to patch up their differences on key issues in a mostly bland communiqué affirming their interdependence.

The leaders, however, did not appear ready to break any new ground in dealing with the world-wide problems of inflation and unemployment.

It was expected that the communiqué, which was to be issued later Tuesday night at the end of the economic summit, would say the meeting was successful and promise a new series of summits beginning next year. The leaders were likely to accept the invitation of French President Francois Mitterrand for a Paris summit in 1982. The United States claims to be very pleased with Mr. Reagan's performance and strong showing in the summit. For example, U.S. Treasury Secretary Donald T. Regan told reporters that when Mr. Reagan launched into a defense of the U.S. economic policy producing high interest rates, only silence greeted his presentation.

### Interest Rate Question

It was expected that the communiqué would evade the interest rate question by acknowledging on the one hand that control of the money supply as followed by the United States is essential to control inflation.

But European complaints were expected to be assuaged by saying the leaders are aware that high levels of interest rates and great volatility in one country can make stabilization efforts more difficult in other countries. In addition, there

is likely to be language demanded by the Europeans calling for restraint of government spending to hold down deficits.

At the same time, there is no suggestion that anyone change policy. There will be, however, a new consultative process between the annual summits, and Mr. Reagan Tuesday told reporters that one result of the Ottawa summit is that the United States will consult more with its partners.

Mr. Reagan said that he did not think the United States had consulted as much as it should have in recent months.

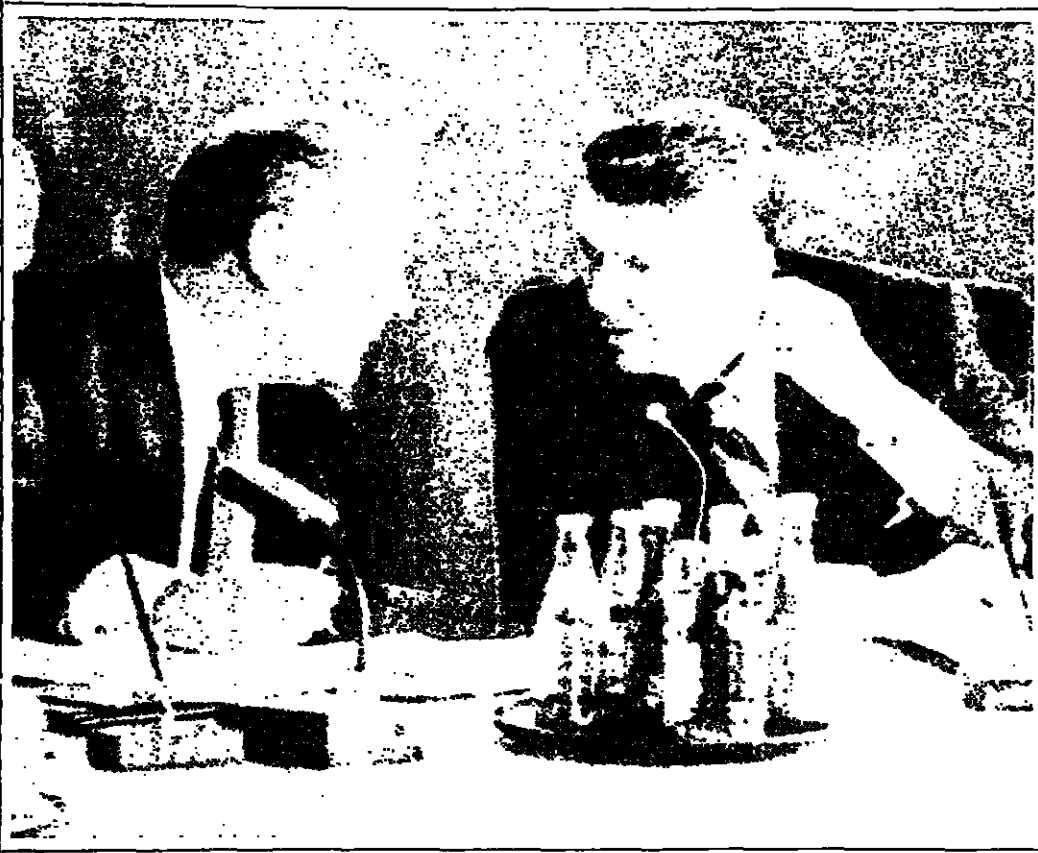
Still unresolved is the question of what the communiqué will do in the matter of intervention in foreign exchange markets. This is an issue that is being especially pressed by Mr. Mitterrand and Italian President Giovanni Spadolini. But the U.S. view is that intervention does no good and probably is counterproductive.

### 2 Compromises

On two key issues, East-West trade and North-South matters, it appeared that both the United States and Europeans have to compromise.

On East-West trade, there was likely to be language in the communiqué dealing in general terms with the dangers as seen by the United States of export controls so lax that the Soviet Union is helped to build its military strength. But the United States apparently would not get everything it wants in specificity on that issue.

Similarly on the North-South issue that Canadian Prime Minister Pierre Elliott Trudeau, Mr. Mitterrand and the Japanese thought was so important, the communiqué was to have language that states



President Reagan conferred with U.S. Secretary of State Alexander M. Haig Jr. during a session of the economic summit conference in Ottawa. Mr. Haig later announced that the United States would delay shipping F-16 fighter-bombers to Israel as a result of escalating Mideast violence.

the need for more aid to the Third World but again falling short.

For example, on the East-West issue, it was not clear whether or not the communiqué would have a reference to the increased vulnerability of Western economies to dependence on Eastern resources and markets through such things as the natural gas pipeline from Siberia to Western Europe.

On the question of North-South relations, the communiqué was expected to say such things as the seven nations must be aware of growing poverty among the poorest of the poor nations and that there must be an increasing amount of official development as-

istance. But it was not clear how the question of the so-called global negotiations, as pressed by Mr. Trudeau, would come out.

If the United States had its way, the language would be very general and the phrase "global negotiations" would come out with lower case "g" and "n."

The United States fears that such negotiations on the grand scale sought by Mr. Trudeau could result in a massive redistribution of the world's wealth.

On another key issue, there is a reaffirmation of the need for a "liberal" trading policy. This relies on the West German preference for the word "liberal" rather than

the standard formulation of a "free" trading system.

In this connection there is likely to be a call for a ministerial meeting in 1982 that would deal with "overt or hidden" protectionist measures or subsidies. It is understood that Mr. Mitterrand supports the U.S. position that the efforts of the former government of Valéry Giscard d'Estaing to create large export subsidies for French industry will be reduced.

Mr. Trudeau, briefing reporters Monday evening following the talks at the Château Montebello, said, "We cannot pretend to tell other countries what they should do on macro-economic policy; we can only call attention to the impact of their policies."

He added that "not all was sweetness and light" in the discussions on interest rates and "there were some very frank discussions," especially on the high level and volatility of interest rates. "I think the Americans have been sensitized to the effects of their policies on their partners," Mr. Trudeau said.

Treasury Undersecretary Beryl Sprinkel told a press conference that the Europeans had become convinced that the United States "will hang tough" on this issue, even though the tight money policy may result in six months of economic downturn in the United States.

**U.S. Proposes Sale Of Weapons To Japan**  
WASHINGTON — The Navy said Monday that Congress has been informed of the proposed sale to Japan, for an estimated \$63 million, of four Phalanx rapid-fire weapons systems to be used on Japanese destroyers.

Phalanx is the U.S. Navy's first all-weather, automatic, controlled-gyro system to provide defense against Cruise missiles. The system's Gatling-type gun can fire at the rate of 3,000 rounds a minute. Congress has the authority to veto such weapons sales.

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## Reagan Stops Delivery Of F-16s; Israeli Aide 'Unhappy' With Action

From Agency Dispatches

OTTAWA — President Reagan has indefinitely postponed the delivery of U.S. F-16 fighter-bombers to Israel because of the "escalating level of violence" in the Middle East. In Jerusalem, Moshe Zippori, Israeli deputy defense minister, said Tuesday he was "very unhappy" about the action.

Mr. Zippori said the decision indicated an argument and not a crisis in relations with the United States. But Simcha Dinitz, a former ambassador to Washington and a member of the opposition Labor Party, accused Prime Minister Menachem Begin's government of creating "a major crisis with the United States" at a time when the United States was about to form its Mideastern policy.

He said Israel should be considerably alarmed because the Reagan administration's decision to delay the jet shipments has the support of Congress and the American people.

The U.S. announcement Monday came after Mr. Reagan and leaders of six major industrial nations issued a statement in Ottawa deploring the escalation of fighting in the Middle East and calling for restraint by Israeli and Palestinian forces.

### Cease-Fire Sought

In announcing the decision on the jets, Secretary of State Alexander M. Haig Jr. said Mr. Reagan had deferred the delivery of 10 F-16s in an effort to promote a cease-fire in Lebanon.

Well-placed administration sources have told The Washington Post that the administration is deeply frustrated over its inability to persuade Mr. Begin that Israeli military actions in Lebanon are damaging both U.S. and Israeli interests in the Middle East.

These sources predicted that the U.S. suspension of F-16 shipments could remain in effect for a considerable time unless it becomes clear that Mr. Begin genuinely intends to reduce the level of violence in Lebanon.

"It's not going to be easy to reverse what's been done," one official said. "This could be a watershed for U.S. policy with Israel."

### Predictions Declined

Publicly, neither Mr. Haig nor White House counselor Edwin Meese 3d would make any prediction about when the F-16 deliveries are likely to resume. But what emerged from a series of private discussions with U.S. officials attending the Ottawa summit was a picture of a policy being pushed by events in a different direction than both Mr. Reagan and Mr. Haig would like to take it.

One official said that the President was "truly troubled" at what he saw as the necessity of having to further delay shipment of the planes to Israel, which Mr. Reagan has supported since the creation of the Jewish state in 1948.

Another official said that Mr. Haig was "in anguish" over having had to recommend this policy — a policy in which all other high officials of the government concur.

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A heavily armed security guard stood over two F-16 jets at an Air Force base in New Hampshire Monday after President Reagan indefinitely postponed their delivery to Israel.

## U.S. Cease-Fire Call Is Rejected by Israel

By William Claiborne  
Washington Post Service

JERUSALEM — Israel Tuesday flatly rejected appeals by the United States to agree to negotiations with the Palestinians for a cease-fire in the growing conflict in Lebanon, vowing that "under no circumstances" would it communicate directly or indirectly with the Palestinians or authorize any third-party mediation.

After nearly six hours of discussions with U.S. special envoy Philip C. Habib, Prime Minister Menachem Begin said that Israel "will continue to defend the citizens of Israel" against attacks from Palestinian guerrillas in Lebanon.

For his part, Mr. Habib said he would continue his effort to secure a cease-fire along the Israeli-Lebanese border, where a barrage of artillery and rocket fire has been sustained by both sides since July 10. Official estimates of casualties put

the death toll at more than 400, most of them civilians killed in an extensive Israeli air strike against Palestinian guerrilla headquarters in central Beirut last week.

Mr. Begin met with Mr. Habib Tuesday night and invited the U.S. envoy to continue his attempts to arrange a peaceful solution to the cross-border attacks by both sides.

**Begin Position**  
However, Mr. Begin made it clear that Israel expects Mr. Habib to deal with Lebanese President Elias Sarkis and his government, and not "the terrorist organizations [that] incessantly attack the territory of Israel and murder and maim its citizens."

Mr. Begin made no mention of the fact that the spiraling cross-border violence has been conducted exclusively between the Palestinians and Israel, backed by the Israeli-supported Christian militias of southern Lebanon, and that the Lebanese army has not been a party to the belligerence.

"The government of Israel will under no circumstances conduct negotiations directly or indirectly with the Arab terrorist organizations whose declared aim is the destruction of Israel and its people and to intentionally turn their arms, which are supplied to them in large quantities by the Soviet Union, Syria and Libya, against the Jewish civilian population," Mr. Begin said in a statement approved earlier by his Cabinet.

"Likewise, the government of Israel will not authorize anybody to conduct negotiations with the aforementioned terrorist organizations," he said.

Mr. Begin said that the Cabinet agreed that Mr. Habib should continue his diplomatic efforts and "embark upon contacts with the president of Lebanon, Mr. Sarkis, with the aim of establishing peaceful relations between Israel and Lebanon, from where the terrorist organizations" attack Israel.

After his meeting with Mr. Begin, Mr. Habib told reporters, "On the basis of the statement of the government of Israel, as presented to me by the prime minister, I will continue my mission, as directed by President Reagan, to seek to secure a cease-fire along the Lebanese border as a first step to bringing calm to the area."

Reports from the United Nations indicated that PLO chief Yasser Arafat has promised to consider a negotiated cease-fire with Israel. Mr. Arafat reportedly conveyed such a promise to Gen. William Callaghan, commander of the UN forces in Lebanon, at a meeting Monday.

Meanwhile, Israeli planes Tuesday conducted bombing raids again on Palestinian positions in southern Lebanon, knocking out artillery emplacements.

## Canada Seizes Chance to Take Center Stage

### Summit Is Way to Combat Country's International 'Obscurity'

By Andrew H. Malcolm  
New York Times Service

OTTAWA — A week of the rigid demands of Oriental courtesy, Prime Minister Pierre Elliott Trudeau, host for the seven-nation summit meeting in Ottawa, has paid a special visit to the suite of Japan's Premier Zenko Suzuki.

Equally aware of the 70-year-old Japanese leader's continuing passion for practicing martial arts, Mr. Trudeau offered on Sunday night to arrange a session of *kendo*, a form of stick boxing practiced by many Japanese men to stay physically and mentally alert.

No thank you, replied the Japanese leader, he would rather play golf. "So much," said one Suzuki aide, "for cross-cultural understanding."

### Formal Apology

At about the same time, Canada was issuing a formal correction and apology because its official summit handbook had mixed up the pictures of Japan's Foreign Minister Sunao Sonoda and Finance Minister Michio Watanabe.

It was but one blemish on Canada's energetic effort to seize the visit of six Western leaders and perhaps more importantly for future tourism, of about 2,000 world journalists to combat Canada's perceived obscurity on the world stage. This was the message of the summit's organizers, of the operators of the nearby

Château Montebello and of Herb de Waal, a maker of wooden shoes who is also making a nice bundle from his special selection of summit souvenirs.

Mr. Trudeau's government went to unusual lengths to assure his guests' comfort and seclusion amid an informal atmosphere of things that Canadians consider very Canadian.

### Agging Logs

The lodgings were in an aging log structure in the woods by a river in the bilingual ambience of the Ontario-Quebec border. Leaders were received by Mr. Trudeau wearing a sport shirt open to expose considerable chest in front of an honor guard of scarlet-coated Mounties on horseback. Guests were served foods such as *consommé* of beaver tail and New Brunswick fiddleheads, a rare green.

Inquiring reporters were kept at a distance with telephones — their only means of communication — even farther away. Hundreds of police and soldiers, some just a few feet apart, lined nearby roadways, combed nearby woods, hovered in nearby helicopters and swam in nearby waters.

To discourage reporters from trekking the 40 miles from Ottawa to the chateau, they were offered free access to a 24-hour cafeteria and Ottawa bars were allowed to stay open an extra hour until 3 a.m.

With annual snows of more than 90 inches and many subzero days, Ottawa is statistically

the world's coldest national capital, not counting Mongolia's Ulan Bator. Which may explain why British Prime Minister Margaret Thatcher got off the plane here wearing gloves and a heavy, full-length coat.

Reporters clad in shirt-sleeves or dresses in the humid sunshine moaned sympathetically for her.

At the Montebello resort the leaders were given golf carts for transportation. President Reagan and West Germany's Chancellor Helmut Schmidt rode to their bilateral meeting in such a cart — with the American leader in the driver's seat.

### Leatherbound Albums

Aware of the egos of politicians worldwide, Mr. Trudeau's gift to his six guests will be a leatherbound album stocked with pictures of the recipient at work at the summit. Two special photographers and an editor were hired to compile the collections.

However, Mr. Suzuki will get an extra gift — a pair of \$19.95 wooden shoes carved by Mr. de Waal, who burned special summit symbols into 17 pairs of his shoes as a sales gimmick. A Japanese diplomat saw a pair with Mr. Suzuki's name and bought them for his boss.

Mr. de Waal also made such wooden shoe-shaped summit souvenirs as salt and pepper shakers, planters, bottle openers, and doll-sized good luck wooden shoes. "And they float too," he noted.

## Kania's Position Seen Weakened In Radically Altered Polish Party

By John Darnton  
New York Times Service

WARSAW — The emergency Polish Communist Party congress ended Monday and when the votes and debates and democratic tumult finally died down, one thing was clear: the party is vastly different from what it was only six days earlier.

More than 90 percent of the 270 members of the full Central Committee are new. More importantly, they represent a new force — they are party workers instead of apparatchiks, they are rooted in the provinces instead of in Warsaw, and they are guided by egalitarianism and an almost populist notion of taking on the establishment.

The congress was not quite the reformist sweep that some had hoped for and others had feared. But it did approve some changes in the party's own bylaws that, if adhered to, will change the way the party operates, making its leaders more accountable to elected bodies and curbing their power.

All of this has far-reaching implications for Stanislaw Kania, the only party leader in the Soviet bloc to have been elected by secret ballot from the floor of a congress. Mr. Kania is still on top, but his position has been considerably weakened for several reasons.

For one thing, he lost most of his influential supporters in the party hierarchy, swept away by a tide of anger against almost anyone who held office under the old regimes. Mr. Kania was spared, it seemed, largely because there was no one else to lead.

For another, the hard-line conservatives who opposed him have been drummed out of the Central Committee. But now they are well placed to oppose him outside regular party channels and to solicit support from the Soviet Union.

Lastly, Mr. Kania has not risen in the eyes of Moscow, which undoubtedly regarded the congress as a rather disordered affair and dangerously unpredictable. Had he been re-elected on the opening day, as was his plan, and then gone on to demonstrate his capacity to control the twists and turns of the deliberations, his standing would have improved immeasurably. As it was, he received a frosty note of congratulations from the Kremlin.

"The fact that Kania managed to finally come through doesn't count so much for the Soviets," a Polish party analyst said. "He wasn't able to prove himself a formidable leader." They don't like Ceausescu [Nicolae Ceausescu, the Romanian leader] but they know they have to deal with him because he is solidly in control."

Mr. Kania's authority was chipped away at, in a bitter and personal campaign waged by the conservative wing. Now he is like an American politician after a bruising party primary. During a closed session Saturday, in which

questions were thrown at the candidates, he was subjected to a merciless grilling. "Even normally well-behaved people don't treat a maid the way he was treated," remarked one participant.

Especially damaging was a letter reportedly from Wladyslaw Gomułka, the former party leader, implicating Mr. Kania in a decision to fire on demonstrating

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### INSIDE

#### U.S. Denounced

Cardinal Jaime L. Sin, archbishop of Manila, denounces the United States for openly supporting President Marcos. Page 2.

#### Arms Smuggling

A five-month U.S. investigation into conspiracies to smuggle arms to South Africa has brought growing attention to weapons traffic in New York. Page 3.

#### Focus on the Gulf

A supplement on the Gulf states — Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates — is on Pages 7S-10S.



**TORTURED TURF** — A member of the Poverty Bay Rugby Union team in Gisborne, New Zealand, picks up glass fragments scattered by anti-apartheid protesters on a playing field where the Springbok rugby team from South Africa is scheduled to play a match on Wednesday. Page 2.



# Brezhnev Telegram Endorses Results of Poland's Congress

Washington Post Service  
**MOSCOW** — Soviet President Leonid I. Brezhnev on Tuesday night endorsed the results of the Polish Communist Party congress and expressed the belief that the Polish party was "undoubtedly capable" to mobilize forces against "anarchy and counterrevolution" threatening Poland.

He said the congress has "set the task of stabilizing" the situation in Poland and taking it out of the crisis.

The Polish party, "as the leading force of Polish society, firmly following the principles of Marxism-Leninism, is undoubtedly capable of rallying all working people and mobilizing them for a resolute rebuff to anarchy and counterrevolution," Mr. Brezhnev said.

In a telegram also signed by Premier Nikolai A. Tikhonov and distributed by Tass, the endorsement of the congress program was cou-

pled with the warning that Poland was in "a complex political situation," and that domestic and foreign anti-Soviet forces are continuing "their subtle attacks on the foundations of the Polish state" as well as "provoking complications in Poland's relations with its true friends."

The telegram was addressed to "the Polish leaders" and it came after the Soviet press earlier Tuesday published reports about the Polish congress that generally put a better face on what the Russians see as the yet unclear course of developments in Poland.

The Soviet leaders message, on the anniversary of the founding of the Polish republic, appeared designed to encourage the new Polish leadership to seize what is seen here as a fresh opening for the Polish party to restore its authority in the country.

The text of press dispatches and broadcasts, coming at almost 10 days of silence about the congress, appeared to reflect the basic compromise struck between Moscow and Warsaw.

The Polish leaders were quoted at length pledging allegiance to the Warsaw Pact and the Soviet Union. Soviet comments in turn said the congress has preserved the "ideals" of Marxism-Leninism while taking into account "the existing conditions" in Poland.

# Kania Seen Weakened

(Continued from Page 1)

workers in 1970. During the closed session, some delegates demanded that Mr. Gomulka be brought to the congress to explain the entire affair.

Tadeusz Grabski, the conservative who challenged Mr. Kania, lost a seat on the Central Committee before he could even make his bid for leadership. But he established the conservative faction as a force to be reckoned with, a minority with a powerful voice.

Mr. Grabski is expected to return to Poznan, his power base, and to take over the Poznan Forum, a far-left group opposed to the leadership. He plans to link the organization with similar groups in Katowice, Szczecin and elsewhere in a national network that could be construed as almost a shadow party.

The threat of a resurgent, well-organized left should not be underestimated, some Polish analysts believe. If Mr. Grabski had been kept in the Central Committee, as Mr. Kania wanted, he would have been constrained by virtue of his belonging to the leadership.

By contrast, an analyst said, the liberals were outflanked by the Solidarity independent labor union movement. "If they move farther from the center, they simply become part of the anti-party coalition. They cannot go too far in their natural direction."

While having to contend with new centers of opposition outside his leadership, Mr. Kania will have to reconstruct the delicate balance of forces in the Politburo and Central Committee in such a way that he ends up in the center position. The 15-member Politburo, made up of his nominees, includes an arch-conservative, Albin Stwak, and a liberal, Jap Labacki. Both are workers.

## Talks Held to Avert Strikes

**WARSAW** (Reuters) — The Polish government held talks with representatives of the national airline LOT and with dock workers Tuesday in an attempt to avert threatened strikes this week, union officials said.

LOT employees Tuesday night agreed to suspend a strike threatened for Friday, a union spokesman said.

The talks in Warsaw on the dispute over the appointment by LOT employees of a general manager whom the government refuses to recognize centered on a possible compromise formula, they said.

The government argues that it must have the final say in who is appointed manager of LOT because the airline is part of the defense establishment.

But there is more to the dispute than the military argument because government recognition of the chief appointed by the workers' council at LOT would set a precedent for every other major state enterprise.

Under terms of the compromise being discussed Tuesday, the LOT worker council and government representatives would share power on a supervisory board, the union officials said.

Officials of Solidarity said a government team also was negotiating Tuesday in Szczecin with dock workers who have threatened to strike Thursday. The dock workers are demanding a new charter that guarantees improved pay and working conditions, which the government says it cannot afford.

The dock workers and LOT employees have already staged strikes to back their demands, but they came under strong pressure to desist from further strikes at the party congress that closed Monday.

**Debt Meeting Set**  
**ZURICH** (Reuters) — A 19-bank task force will begin meeting Wednesday in an attempt to reach an agreement rescheduling Poland's 1981 debts to Western banks. Poland, facing major economic troubles and acute shortage of foreign exchange, has indicated impatience recently over the slow pace of negotiations with the banks.



A section of the Camden power station after it was sabotaged in South Africa.

# Power Station Bombings Cut Electricity in S. Africa

United Press International  
**JOHANNESBURG** — Guerrillas believed to be black nationalists struck at electricity supply substations in the eastern Transvaal province Tuesday, setting off two explosions that cut power to large areas of the country, a police spokesman said. No one was injured in either blast.

The spokesman said that the blasts at the Camden and the Arnott power stations were caused by Communist-manufactured limpet mines — electrically timed magnet mines. He blamed guerrillas of the outlawed African National Congress for the acts of sabotage.

Since January, the ANC has set off eight bombs in various parts of the country.

The police spokesman said that several other limpet mines were found unexploded at both sites and defused.

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# Life Imprisonment Demanded for Agca, Who Refuses to Attend 2d Day of Trial

By Henry Tanner  
 New York Times Service  
**ROME** — The public prosecutor demanded on Tuesday the mandatory life sentence for Mehmet Ali Agca for attempting to kill Pope John Paul II and wounding two American pilgrims, Ann Odre and Rose Hall.

Calling Mr. Agca the "son of modern-day terrorism, that sinister affliction of our time," Nicolo Amato, the prosecutor, said: "We have looked into the heart of Mehmet Ali Agca for a small sign, an infinitesimal sign of repentance and humanity but we couldn't find it."

He asked that the defendant be sentenced to 12 additional years for illegal possession of arms and carrying false identity papers, and he suggested that these 12 years be converted to 12 months in solitary confinement.

Wednesday, and the six-member jury will pass judgment immediately afterward.

Mr. Amato, the prosecutor, raised the possibility that Mr. Agca could have been part of an international plot but he said that the Italian authorities had not been able to "establish anything concrete" on the issue.

The prosecutor raised many questions about Mr. Agca's motives, but said: "No one can understand or even guess the reason behind his act."

He said that throughout Europe, Pope John Paul II — still confined to his hospital suite — was seen and heard on television. Eurovision — the European television pool — transmitted a taped video-recording of a half-hour message the pontiff addressed in French to the Eucharistic congress in Lourdes, the pilgrimage site in France.

Recent medical bulletins from Gemelli Hospital about the pontiff's recovery have been optimistic.

But on television John Paul looked a changed and suddenly older man. The sheets of paper from which he read spoke in his hands. His shoulders were hunched forward, and his voice lacked the strength it once had.

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# Italy Financier Fined \$13 Million in Milan

The Associated Press  
**MILAN** — A Milan court has fined one of Italy's leading financiers of illegal currency exporting and fined him 16.5 billion lire (\$13.2 million).

Roberto Calvi, chairman of Banco Ambrosiano, also was sentenced Monday to four years in jail, but the court immediately granted him provisional liberty.

Mr. Calvi, 60, was an associate of Italian financier Michele Sindona, who is now serving a 25-year jail sentence in New York for bank fraud.

Under Italian law a person serving a life sentence remains in prison his entire life with no possibility of early release. Italy does not have a death sentence. Life imprisonment is mandatory for attempting to kill the president or a foreign head of state.

Mr. Agca was not in court Tuesday. At the beginning of the session the presiding judge, Severino Pantiapichi, read a note from the defendant saying "I do not come to the court, in protest," in English.

On Monday, on the first day of the trial, Mr. Agca had told the court that he was on Vatican territory when he shot the pope and that the Italian court, therefore, did not have the right to try him. "The trial is over, thank you," he said, adding that he would not participate in the proceedings.

His court-appointed defense lawyer, Pietro d'Ovidio, also contested the competence of the court but was overruled by the judge. The defense will state its case Wednesday.

Under Italian law a person serving a life sentence remains in prison his entire life with no possibility of early release. Italy does not have a death sentence. Life imprisonment is mandatory for attempting to kill the president or a foreign head of state.

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# U.S. Support for Marcos Is Assailed by Cardinal

United Press International  
**MANILA** — Cardinal Jaime L. Sin, the most powerful church official in the Philippines, denounced the United States Tuesday for openly supporting President Ferdinand E. Marcos and said that high-level corruption is strengthening Filipino Communists.

"The Americans have been making mistakes in power politics," said Cardinal Sin, 52, the archbishop of Manila and outgoing president of the Catholic Bishops' Conference of the Philippines.

"Look at what happened in Vietnam, in Iran and other countries," Cardinal Sin said in his first interview since last month's controversial elections that gave Mr. Marcos, 63, a new 6-year term. Opposition parties boycotted the election.

"Maybe America is thinking that there is no other alternative but to acknowledge Marcos," Cardinal Sin said. "But they do not understand. Even if Marcos is against Communism, because of the present situation and so much graft and corruption, the Communists are becoming stronger."

Vice President Bush attended Mr. Marcos' inauguration June 30. Enunciating the Reagan administration policy toward the regime, Mr. Bush said in a toast, "We love your adherence to democratic principles."

The Bush declaration was immediately assailed by Philippine opposition leaders, who called the election a "sham." Opposition sources said the new U.S. policy snuffed hopes by moderate politicians that the United States, an important Manila ally and major source of economic aid, could exert some pressure on Mr. Marcos to restore political normalcy.

"I am convinced that the future is very uncertain," the cardinal said. "They said there is freedom of the press, look at Letty Maganoc," referring to a top editor of Panorama magazine who was dismissed for writing an article critical of Mr. Marcos.

"In Mindanao, there is continuous killing every day," Cardinal Sin said. Since the June elections, 143 persons have been killed in intensified clashes between government troops and dissident forces.

"The president has said he will start cleaning the government of corruption — it is increasing every day," the cardinal said. He said those involved were Mr. Marcos' close friends.

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His court-appointed defense lawyer, Pietro d'Ovidio, also contested the competence of the court but was overruled by the judge. The defense will state its case Wednesday.

Under Italian law a person serving a life sentence remains in prison his entire life with no possibility of early release. Italy does not have a death sentence. Life imprisonment is mandatory for attempting to kill the president or a foreign head of state.

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# Reagan Delays Delivery Of F-16 Fighters to Israel

(Continued from Page 1)  
 including those who traditionally have been most supportive of Israel.

One official said he expected that American public opinion has swung sharply against Israel because of its recent military actions, especially the bombing of Beirut last Friday which killed 300 civilians.

The administration attitude is one of frustration over the difficulty of communicating the depth of U.S. reaction to Mr. Begin.

The frustration is all the deeper because of the obvious reliance of the other Western nations on the U.S. ability to restrain Israel. For years, other countries have been urging the United States to take a harder line with its Middle East ally. Now that this has happened, there is no evidence that Israel is listening.

Not that the atmosphere within the administration is one of complete gloom. One official Tuesday took heart from the fact that Mr. Begin has so far reacted to U.S. actions "more in sorrow than in anger."

Despite scraps of optimism, the

wording used by Mr. Haig when he announced the president's decision Monday makes it unlikely that any F-16s will be shipped to Israel until the United States is convinced that the fighting on both sides has stopped for more than a temporary truce. Mr. Haig said Monday that Mr. Reagan had suspended the shipments because it would have been "highly inappropriate" to send additional arms into the area while this level of violence continues and until the situation clarifies.

Israel already has received 53 of the 75 F-16s it ordered from the United States. Ten were held up Monday and another four, scheduled to be sent in mid-August, were also expected to be delayed.

By President Antonio Ramalho Eanes, ignored his pleas.

The crisis has highlighted the precarious position of Mr. Balsemão in the face of growing disaffection within his Social Democratic Party and public criticism of his policies by his Christian Democratic coalition partners.

The sources said Social Affairs Minister Carlos Macedo, a pivotal Social Democrat, told the premier he would resign unless the government quit over the military veto. Mr. Balsemão had to call a highly unusual meeting of party ministers Monday night to plead for unity at Tuesday's special Cabinet session.

The political crisis coincides with mounting criticism of the economic policies of the government, which announced an austerity package last Friday. Ministers have said the military veto will prevent the government from fulfilling the 1981-1984 economic plan, and that the Council of the Revolution would have to take the blame for delaying Portugal's modernization.

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# Portugal Coalition Meets After Rebuff by Military

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# France Outlaws Boycott of Israel

PARIS — Prime Minister Pierre Mauroy has issued an order making it illegal for French firms to comply with the Arab economic boycott of Israel, his office said Tuesday.

Most Arab states require foreign trading partners to pledge that they have no relations with Israeli firms and have drawn up a secret blacklist of companies they say are helping Israel.

There was no immediate indication how many firms would be affected by Mr. Mauroy's decision and in what way. Sources said the boycott was not enforced in the same way in each Arab state.

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# New Zealand Assailed for Rugby Tour Commonwealth Unit Shifts Meeting in Fall

London — A Commonwealth unit decided Tuesday to switch September's Commonwealth finance ministers' meeting from Auckland to the Bahamas because New Zealand has allowed a tour by South Africa's Springbok rugby team to go ahead.

The decision was made by the Committee on Southern Africa and announced by the Commonwealth Secretariat in London. New Zealand Prime Minister Robert D. Muldoon immediately announced that his government would boycott the September meeting as a result of the committee decision.

Tuesday's statement by the Commonwealth committee said it noted "with extreme regret" that the Springbok team had arrived in New Zealand.

"Insult to Americans"

In Washington, leaders of the Congressional Black Caucus called on the Reagan administration to withdraw visas for the Springboks to visit the United States. The team is scheduled for a playing tour after its South African visit.

In a telegram to the White House, the caucus chairman, Walter E. Fauntroy, a Democratic delegate to Congress from Washington, D.C., and its vice chairman, Rep. William H. Gray, Democrat of Pennsylvania, called the State Department decision to admit the South African team an "insult to Americans of conscience, especially black Americans."

In Gisborne, New Zealand, the police warned that anti-apartheid protesters might use a helicopter to spray a dangerous gas over the crowd at the rugby team's opening match in Gisborne on Wednesday.

Chief Superintendent Brian Burrows, district police commander, issued the warning only hours after four persons were arrested for crashing through a gate and scattering glass on Rugby Park, where the match is to be played.

His statement said: "Police have received information suggesting that some persons or group may be considering using an unmarked helicopter for the purpose of dropping a dangerous chemical substance over the crowd at the rugby match."

Mr. Burrows said the substance was likely to be chloropicrin, which is similar to tear gas. "It is realized that such information could be a hoax," he said, "but it is considered that the threatened act is a possibility."

The police chief said he was issuing the statement as a warning that the act would be a serious criminal matter endangering the health and safety of a large number of the general public.

Opposition to the Springbok team's tour in New Zealand has been confined to nonviolent protests until now. Anti-apartheid groups have emphasized that they do not seek violent confrontations, although they have said they will go to the edge of the law in their protests.

# WORLD NEWS BRIEFS

## Chinese Lower Yangtze Flood Death Estimate

United Press International  
**PEKING** — Officials on Tuesday scaled down their estimates of the number of persons killed by the Yangtze flood and said that those living along the lower reaches of the swollen river no longer were threatened.

Provincial authorities in Chengdu, capital of the devastated province of Sichuan, said Tuesday that "nearly 1,000 people were confirmed dead."

The spokesman, contacted by telephone, said that more than 3,000 persons at first were thought to have been killed because large numbers of inhabitants along the Yangtze and its tributaries were washed away. Many of them were rescued from the torrents downstream, he said.

## 3 Dutch Leaders Agree to Coalition Proposal

The Associated Press  
**THE HAGUE** — Three key political leaders agreed Tuesday to offer to their parties a proposal for a new center-left coalition government with a program leaning strongly against stationing new NATO nuclear missiles in the Netherlands.

Approval of the proposal, completed after two months of negotiations, would allow formation of a new three-party coalition reflecting the outcome of the May 26 national election.

Under the plan, Christian Democrat Premier Andries van Agt would return as head of a government including the Labor Party, led by Joop den Uyl, and the smaller Democrats '66, led by Jan Terlouw. The Liberal Party would be excluded.

## Tentative Agreement Averts U.S. Postal Strike

United Press International  
**WASHINGTON** — The U.S. Postal Service and its two largest unions reached tentative agreement Tuesday to avert a national postal strike. The Postal Service said the pact would cost \$4.3 billion over the next three years, but probably would not cause an immediate increase in rates.

Leaders of both the Postal Workers Union and the Letter Carriers Union said they would recommend approval of the contract. It calls for \$300 a year in general wage increases. Postal workers now earn an average of \$19,900 a year.

The tentative agreement capped marathon bargaining that produced seeming accord early Tuesday morning, but that collapsed over a contract language dispute.

## Cambodia Said to Fight Rebels on Thai Border

Reuters  
**BANGKOK** — Heavy fighting involving tanks and rockets has broken out between Vietnamese-led Cambodian government forces and Khmer Rouge guerrillas in western border areas, military sources here said Tuesday.

Government troops apparently attacked Khmer Rouge guerrillas entrenched in areas about 10 miles (16 kilometers) east of the border town of Aranyaprathet. Fighting has been in progress for the past few days.

Casualties were unknown. At least four rockets hit Thai territory and the sound of gunfire was still audible in Aranyaprathet Tuesday, but there were no reports of damage or casualties.

## Commission Rejects 2 Bids to Ban Whaling

Reuters  
**BRIGHTON, England** — The International Whaling Commission Tuesday voted down a British proposal to ban all commercial whaling in the North Atlantic.

The vote followed a defeat earlier Tuesday for a worldwide moratorium on commercial whaling proposed by Britain and the United States. The second defeat was a greater blow for conservationists who had hoped the whaling nations might not vote together on a ban concerning one specific area.

The worldwide ban had been backed by President Reagan. It was the sixth straight year that the proposal had been defeated under rules that require a three-fourths majority for approval. Fifteen nations voted for the North Atlantic ban, with eight opposed under the leadership of Japan, which threatened to disregard the ban if it were approved.

## Armenian Group Says It Set Off Swiss Bombs

The Associated Press  
**LAUSANNE, Switzerland** — Armenian extremists have taken responsibility for a series of bomb blasts, including one Tuesday that injured 25 persons, none seriously, at a department store in midtown Lausanne, Switzerland's fifth largest city.

The explosion was the third in a major Swiss city in two days, a series that a federal government spokesman said was unprecedented.

Explosive devices were set off in Bern on Sunday, with no injuries, and at the shopping mall at Zurich's international airport on Monday, slightly injuring five persons. A clandestine anti-Swiss Armenian group, the "June 9th Organization," said in telephone calls to news organizations that it had carried out the bombings.

## Unemployment in Britain Climbs Above 2.8 Million

United Press International  
**LONDON** — Britain's unemployment total continues to climb, with more than 2.8 million persons, or 11.8 percent of the work force, unable to find jobs, according to official July figures released Tuesday.

The Department of Employment said that 2,852,000 persons were unemployed — 171,000 more than in June and 955,000 more than in July, 1980.

Sir Terence Beckett, director general of the Confederation of

## Indonesia Cholera Deaths

Reuters  
**JAKARTA** — Cholera has killed at least 62 persons in the remote East Indonesian islands of Aru and Dobo, 1,800 miles (3,000 kilometers) east of Jakarta.

## U.K. Official Visits Maze; Strikers Refuse to Talks

The Associated Press  
**BELFAST** — A surprise bid to end the Maze hunger strike brought a senior British official to the prison Tuesday but foundered when the strikers refused to talk unless their IRA commander was present, the Northern Ireland Office said.

In the town of Maghera 45 miles (72 kilometers) northwest of here, John Hazlett, 46, was shot to death, apparently mistaken for a part-time soldier of the mostly Protestant Ulster Defense Regiment by killers suspected of being gunmen of the Irish Republican Army's Provisional wing, police sources said.

A police spokesman said Mr. Hazlett and the off-duty UDR man were renovating a shop. "Hazlett was outside sweeping up rubble," he said. The gunman drove up in a van. One got out with a rifle and shot Mr. Hazlett six times at point-blank range, he said.

In Belfast, a policeman on duty outside the high court building was seriously wounded in a gunshot attack, police said. Details were not immediately available.

The failure of the Maze strike settlement move left little hope that the fast would end in time to save two of the eight hunger strikers. Kieran Doherty, 25, of the IRA's Provisional wing and Kevin Lynch, 25, of the Irish National Liberation Army, six prisoners have starved to death in the campaign to win political status.

The prisoner-initiated move began when a priest tending one of

## Polish Airliner Hijacked, Lands in West Berlin

The Associated Press  
**BERLIN** — A Polish airliner with 30 aboard was hijacked to West Berlin Tuesday and a suspect was taken from the plane by U.S. military authorities for questioning, a U.S. military spokesman said.

The Polish government news agency said the flight had been headed north from Katowice to Gdansk. The news agency said a terrorist brandishing a weapon ordered the pilot of the prop-jet Antonov 24 to land in West Berlin.

What appeared to be a grenade and a pistol were reported to have been carried off the aircraft by the suspected hijacker, according to Maj. Larry Seals, the U.S. spokesman. The aircraft was expected to be refueled and cleared for a return flight to Poland, Maj. Seals said.

Last December, a hijacker diverted a Polish domestic flight to West Berlin and asked for political asylum. The man was tried and convicted of hijacking by a West Berlin court and sentenced to four years in prison.

COMING IN SEPTEMBER

# Communications Technology

a special supplement by the International Herald Tribune

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# N.Y. Becoming a Center for Weapons Traffic

## Probe of Helicopter Gunship Conspiracies Spotlights City's Role

By Selwyn Raab

**NEW YORK** — A five-month Customs Service investigation into illegal conspiracies to smuggle helicopter gunships to South Africa has brought growing law-enforcement attention to weapons trafficking in New York.

The main elements in the undercover federal investigation were seven helicopters, two fake South African intelligence officers, an informant who knew suspected arms dealers — and the bait of \$2 million for smuggling the helicopters to South Africa. The inquiry ended earlier this year with the convictions of three men on U.S. and state criminal charges of conspiracy.

U.S. law enforcement officials say the inquiry demonstrated how New York has become a center of illegal trafficking in weapons and military equipment, mainly because of the city's strategic location for international shipment of cargo by air and sea.

Although the Customs Service investigation began as one case, it soon blossomed into two other conspiracies. And three other investigations — involving arms deals to South Africa and to rebels opposing South Africa in South-West Africa (Namibia) — were aborted when other weapons traders became suspicious of the government's undercover informant.

Discussing the growing arms traffic in the New York area, John S. Martin Jr., the U.S. attorney for the southern district of the state, said, "The stiffer federal laws controlling the export of military equipment are increasing the temptation for people to try to profit from the law by violating it." Mr. Martin's office prosecuted the three defendants.

**Use of Informants**  
The investigation also illustrated the widespread practice by law-enforcement agencies of using informants to seek out suspected criminals and then having undercover agents offer to pay them for unlawful acts. In this instance, two Customs Service agents posed as South African representatives who offered more than \$2 million for the illegal shipment of military helicopters from the country.

Officials in the U.S. attorney's office and the Customs Service said there was no illegal entrapment in the helicopter cases, and all defendants pleaded guilty.

Details of the three cases were obtained from court documents and in interviews with Customs Service agents and the informant who was instrumental in locating the alleged

arms dealers. The informant, who said disclosure of his identity would jeopardize his life and employment opportunities, agreed to be interviewed only if his name was withheld.

In the spring of 1980, the informant began aiding federal authorities in New York, working mainly with two Customs Service agents, Joseph F. King and Edward C. Romeo. The informant said the first federal case developed from information given him by an illicit arms dealer in the city that Sky Control Inc., an aviation sales company in San Valley, Calif., had surplus military helicopters for sale.

The informant told the owner of Sky Control, Jack Holiday, that South African government representatives were in New York, seeking to buy military helicopters. Congress banned the sale of military equipment, including helicopters that can be converted into gunships, to South Africa in 1963 because of that country's racial policies.

**New York Meeting**  
On Sept. 19, 1980, Mr. Holiday arrived for a meeting at 1 World Trade Center with the informant, who described himself as a lawyer for South African intelligence officers secretly in the United States to purchase military supplies, and Mr. King of the Customs Service, who masqueraded as a South African officer.

The customs agent and the informant, in separate interviews, said Mr. Holiday agreed to sell seven unarmed Augusta Bell UH-1 helicopters — which can be equipped with guns — and spare parts for \$2.2 million. Mr. King said Sky Control had bought the helicopters for \$150,000 in 1976 after they had been used by the Netherlands military forces.

Mr. King said he emphasized that Mr. Holiday would have to ship the helicopters to South Africa in violation of the U.S. arms-control law. Shippers of military equipment must obtain a State Department export permit specifying that the equipment is not going to a prohibited country.

The meeting and later telephone conversations with Mr. Holiday were secretly tape-recorded. Based on these discussions, the U.S. attorney's office accused Mr. Holiday of conspiracy to arrange "a false or cover" sales agreement.

The Customs Service confiscated the helicopters in California in December, 1980, and in April and May of this year criminal accusations were filed against Mr. Holiday's company in federal court and against him in state court.

Mr. Holiday pleaded guilty, on behalf of the

company, to charges of conspiracy to violate export-control laws. He is to be sentenced Wednesday in Federal Court in Manhattan. His company reportedly faces a minimum Customs Service administrative fine of \$100,000. He also pleaded guilty in state court to a misdemeanor count of conspiracy and was given a conditional discharge, or a suspended sentence.

Meanwhile, the Customs agents were introduced by the informant to two other persons whom he described as illegal weapons traffickers.

On Sept. 23, one of the suspects, Gideon Schiff, met with the informant and Mr. King at the World Trade Center. Mr. Schiff, 44, lives in Toronto and holds Canadian and Israeli citizenship.

Again, Mr. King identified himself as a South African intelligence officer. He said he had seven helicopters stored in California which he wanted transported illegally to South Africa.

Mr. King, in court papers, said Mr. Schiff agreed to smuggle the helicopters to South Africa for \$500,000. On Dec. 19, Mr. Schiff met Mr. King, who carried a hidden tape recorder, in the lobby of 1 World Trade Center to transfer a \$250,000 downpayment. "Are you sure you can get the helicopters there, even though it's illegal?" Mr. King recalled asking Mr. Schiff.

**"Done It Before"**  
"Sure, don't worry," he quoted Mr. Schiff as having replied. "I've done it before."

Mr. Schiff was then arrested. He pleaded guilty in federal court in Manhattan to conspiracy to violate the export-control laws, and on May 1 he was placed on probation for one year.

The third defendant in the investigation was Omar Aly Khan, 64, an engineer who was born in India and holds British citizenship. Mr. Khan lives in London and maintains a New York apartment.

Last autumn, the informant, again representing himself as a lawyer for South African military supplies purchasers, introduced Mr. Khan to the agents. At meetings in two New York hotels, Mr. King said Mr. Khan agreed to arrange the shipment of the helicopters from Los Angeles to South Africa for \$2 million.

Mr. Khan was arrested Dec. 17 on receiving a \$5,000 payment from Mr. King. He pleaded guilty to charges of conspiracy to violate the control-of-arms laws and was sentenced in April to four years probation.

**1935 Provision**  
Specifically at issue in the House vote is a provision Congress wrote into the original Social Security Act in 1935 that no one eligible to draw retirement benefits would receive less than \$10 a month. Over the intervening years, Congress increased that figure to \$122. Under present law, anyone who works 40 quarters can draw that amount, no matter how low his or her past contributions.

The White House calls this minimum figure an unearned benefit and welfare because it is not based on wages and working history. The White House figures that cutting these benefit checks will save about \$7 billion over the next five years. It also says that other benefit programs will take care of those who need the minimum payment.

Both the Senate and House agreed that the minimum benefit should be abolished for those retiring in the future. The Senate then voted to remove the floor immediately. The House in April, 1982. Those proposals are now before a conference of 72 senators and 183 representatives assigned to produce a compromise budget bill.

In an analysis made public over the weekend, the Office of Management and Budget said that 10 percent, or about 300,000, of the 3 million now receiving the minimum benefit would be seriously affected, and these, it said, were already guaranteed the equivalent of about \$10,000 a year per couple from other federal programs — supplemental income, food stamps and Medicaid.

The White House budget agency reported that 1.2 million minimum beneficiaries would continue to get the same checks because they involve couples with two eligible members, 300,000 could make up the loss through supplemental income benefits, 200,000 were students or children and 800,000 enjoyed comfortable outside incomes from other pensions or working spouses.

By agreement, House-Senate conference working out differences in the two budget bills are not to drop features in both bills.

Meanwhile, Rep. Charles E. Bennett, a Democrat from Florida, was introducing separate legislation Tuesday to continue the minimum benefit for those now eligible and those who apply over the next three years, paying for it from general government revenues.

**U.S. Drops Suit Against Police**  
WASHINGTON — The Justice Department has dropped its 1979 lawsuit against the Philadelphia police department and former Mayor Frank L. Rizzo on charges of condoning police brutality, it was disclosed this week.

The government decided not to appeal a U.S. appellate court ruling that last year upheld a lower court's decision to throw out the case. The Justice Department had until Saturday to file an appeal with the Supreme Court but let the deadline pass without taking action.

The government filed suit on Aug. 13, 1979, charging the city with condoning police brutality ranging from shootings to beatings. The suit was the first of its kind against a police department.

**U.S. Atom Opponents Try to Stop Dumping**  
BOSTON — Anti-nuclear activists in two rubber dinghies tried to prevent the operations of a 1,600-ton ship dumping radioactive waste in the North Atlantic, a spokesman for the environmental organization Greenpeace said Tuesday.

Crewmen on the British-registered ship the Gem sprayed the dinghies with high pressure water hoses, a Greenpeace spokesman said. There were no casualties.



PASSAU, NOT VENICE — West German military engineers conveyed residents of Passau through the flooded streets of their town after heavy rain caused the Danube to overflow.

# Kansas City, Subdued by Hotel Tragedy, Expects to Rebound and Keep Growing

By Reginald Stuart

New York Times Service

**KANSAS CITY, Mo.** — When the 40-story Hyatt Regency Hotel opened here a year ago the event was another milestone in a master plan by the city's prestigious Hall family to put a new face on downtown Kansas City.

The Halls' ambitious Crown Center Complex, of which the hotel is a part, is widely viewed as the catalyst for several new construction and face-lifting projects started or completed in the last decade throughout the area, transforming Kansas City into a bustling metropolis from a sleepy cow town.

The enthusiasm over the numerous construction projects begun and completed in the last 10 years was subdued, as those who have played major parts in making the city what it is continued the agonizing task of living with the disaster associated with the city's new look.

It occurred last Friday, at the Regency, one of the city's showpieces and one of the properties owned by a subsidiary of Hallmark Cards Inc., the greeting card manufacturer based here and owned by the Hall family.

**Toll Drops**  
During the hotel's Tea Dance, a free public dance featuring live big-band music, two walkways spanning the width of the lobby plunged to the floor, crushing those below. The death toll was lowered to 11 Tuesday, because, officials said, two bodies had been counted twice at the morgue.

Relatives began burying the victims on Monday, with flags in the city and suburbs lowered and church bells tolling. Twenty-five funerals for the victims were held Monday and 37 more Tuesday.

"The mood after such a terrible tragedy is, 'Well, we ought to blow it all down and start all over,'" said William Johnson, an aide to Donald Hall, the 53-year-old chief executive of Hallmark. "That's just not realistic though."

**Recent Tragedies**  
Mr. Hall, the moving force behind Crown Center since he took over from his father in the late 1960s, declined to be interviewed. However, Mr. Johnson said that, despite the tragedy, which Mr. Hall described as some of the "darkest hours" of his life, the Regency would be opened in 10 to 12 working days, without walkways.

**Breeder Reactor Overrun In U.S. Is Laid to Politics**

By Philip J. Hiltz

Washington Post Service

**WASHINGTON** — The director of the Clinch River breeder reactor project has blamed most of its 450 percent cost overrun on the national political debate.

The estimated cost of the project soared from \$699 million in 1972 to \$3.2 billion, but 80 percent of that \$2.5 billion overrun is "the result of causes external to the project over which the project had no authority to manage," Lochlin Caffey testified Monday at a hearing of a House subcommittee on commerce and energy.

Mr. Caffey, a Department of Energy employee, said that more than a billion dollars of the overrun was caused directly by the national debate over whether to proceed with the reactor. Fund cutbacks and attempts to shut the project during the Carter administration resulted in years of extra costs in salaries and inflation, he said.

If that debate had not taken place, he said, the reactor would be running in 1983 for a cost of \$1.95 billion. It is scheduled to begin operation in 1990 for \$3.2 billion, 11 years late.

A. Ernest Fitzgerald, the controversial Air Force cost watchdog, who was lent to the subcommittee to investigate the breeder reactor, disagreed by saying that even now the project could run far beyond \$3.2 billion. A chief cause of the continually rising cost, he suggested, is because the prime contracts have been written without binding provisions for cost, schedule or specific technical performance.

Another cause, he said, are technical problems. He quoted from a Department of Energy memorandum stating that the technical problems plaguing the steam generators, a key element in the breeder plant, might be severe enough to warrant termination of the contract. The Department of Energy countered that the Clinch River

Kansas City is no stranger to tragedy.

Last July, 157 persons died of heat stroke here in a heat wave that swept the nation's midsection. The 1978 Coates House fire claimed 20 lives. And in the 1977 flooding of the Country Club Plaza, a shopping district south of downtown, 25 persons drowned, and damage was estimated at nearly \$80 million. The city was spared a major disaster when the roof of Kemper Arena collapsed in 1979. It was empty at the time.

Many of those interviewed about the hotel tragedy said that they did not fear that Kansas City's reputation as a growing convention and visitors' attraction would sustain long-term damage.

Robert Wood, president of Carl Byoir & Associates, the New York-based public relations firm that has represented Hallmark for 30 years and Kansas City for nearly

15, said, "The impact will be very temporary, because no city is immune to disasters, natural or man-made."

Mr. Wood offered as examples the outbreak of Legionnaires' disease in Philadelphia, the collapse of the sports arena roof in Hartford, Conn., and the recent hotel fires in Las Vegas.

The Halls and associates acknowledge that they expect liability lawsuits and say that they are preparing to expedite settlement claims.

"Those people were terribly, badly hurt, and in this day and age I would expect people would be entitled to some kind of recompense," said Morton Seidman, a member of the board of Hallmark and editor and publisher of Milling & Baking News. "I would be very surprised if it created tension that would be a source of problems," he said.

**FBI Probes Utah Shooting Death For Possible Libyan Connection**

The Associated Press

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# Africans Raise Alarm On Detente

By Jay Ross

Washington Post Service

**SALISBURY** — Nine African nations in an implicit criticism of the Reagan administration, have appealed to Western nations not to treat the continent as part of the East-West struggle.

In a message Monday to the Ottawa summit of Western industrial nations, the leaders of the Southern African Development Coordination Conference said, "We are alarmed that the crumbling of detente has increased East-West tension and the resulting conflicts are spilling over into our region."

The leaders, seeking to reduce their economic dependence on South Africa, expressed concern at President Reagan's courting of the white minority government in Pretoria because of its anti-Soviet stance, conference sources said. The African heads of government hoped that European influence could bring about a change in the U.S. attitude about a change in the

**Monetarism Criticized**  
Opening the meeting, Zimbabwe Prime Minister Robert Mugabe criticized Western "monetarist ideologies. With some exceptions they seem mesmerized by economic theories which place little or no value on the human person," he said.

"International society is based on an unjust economic structure," he said, adding that the refusal of the West to transfer resources to the Third World "is morally indefensible and extremely shortsighted."

Mr. Mugabe condemned South Africa's policies of racial separation and reiterated his criticism of efforts to alter a United Nations resolution designed to bring independence to South-West Africa (Namibia), controlled by South Africa. He did not mention the United States by name, but the Reagan administration is seeking to change the plan to make it acceptable to South Africa.

His remarks, however, were much more moderate than the criticism at last month's Organization of African Unity summit, which spoke of "an unholy alliance" between the United States and South Africa.

There was no mention of South Africa or Namibia in a joint communique, which approved the establishment of a small, permanent secretariat.

The organization, established last year in the African euphoria over Zimbabwe's independence, comprises seven Western-oriented former British possessions — Tanzania, Zambia, Zimbabwe, Malawi, Botswana, Swaziland and Lesotho — and two former Portuguese colonies, Angola and Mozambique, which are closely associated with the Soviet Union.

**U.S. Phantom Crashes**  
COPENHAGEN — The two crewmen of a U.S. Air Force Phantom fighter were safe after their craft crashed into the Baltic Sea about 35 miles (56 kilometers) southeast of the Danish island of Bornholm Tuesday, the Danish Air Force rescue center reported.

# Senate Rejects Attempt by Democrats To Reinstate Social Security Minimums

From Agency Dispatches

**WASHINGTON** — The Republican-controlled U.S. Senate on Tuesday voted down a Democratic attempt to preserve the minimum monthly Social Security benefit.

By a vote of 52-46, the Senate tabled an amendment to the pending tax bill that would have restored the benefit.

The Senate has voted 53-45 to cut off the minimum benefit on June 23, Tuesday's Senate action came after President Reagan, according to Democrats, playing "on the fears of many Americans to keep the minimum Social Security benefit, said he would go on national television to make his case, but the issue is far from dead.

The House was considering a resolution Tuesday by Democratic Leader James C. Wright of Texas to preserve the \$122 minimum benefit. Under the parliamentary move used to bring the resolution to the floor, a two-thirds vote was required for passage. Rep. Wright said elimination of the minimum benefit would affect the poorest,

the oldest and the most politically defenseless in society, mostly in their 70s and most of them women.

House Speaker Thomas P. O'Neill Jr., a Massachusetts Democrat, said he was not sure Democrats in the House had the votes to pass the resolution, but "we're going to keep on the issue of Social Security." Outside, the National Council of Senior Citizens was scheduled to hold a rally on the Capitol steps to protest Mr. Reagan's proposed cuts.

"I deplore the opportunistic political maneuvering cynically designed to play on the fears of many Americans, that some in the Congress are initiating at this time," Mr. Reagan said in a letter to Senate Majority Leader Howard H. Baker Jr. of Tennessee. "These efforts appear designed to exploit an issue rather than find a solution to the urgent Social Security problem."

Approval of the resolution, Mr. Reagan said in a letter to congressional leaders, "would also have the unfortunate effect of disrupting the budget conference and reversing the actions of a majority of both houses of the Congress," and thus would jeopardize economic recovery.

**Marshall Islands President Seeks Greater Sovereignty**

By Robert Trumbull

New York Times Service

**MAJURO, Marshall Islands** — President Amata Kabua of the Marshall Islands said last week that he would seek "full independence" for this strategic chain of Pacific atolls if the Reagan administration rejected a plan for limited autonomy worked out with the Carter administration.

Mr. Kabua, who expressed anger over what he said were delays in the Reagan administration's review of the plan, said that he would visit Washington next week and take up the matter with officials there. He described the trip, which he said was at the invitation of Secretary of Defense Caspar W. Weinberger, as his "first state visit" to the United States as the elected president of the Marshall Islands.

"We have reached the point of no return," Mr. Kabua said of the situation in an interview at Majuro International Airport after a visit to Japan as a guest of the Japanese government. Japan has shown a keen interest in its former Pacific empire. The Japanese seized the Marshall Islands in 1914 from Germany, which had bought them from Spain at the turn of the century.

**"Real Sovereignty"**  
If the Reagan administration repudiates the Carter-backed plan, he said, the Marshalls will insist on the "real sovereignty" of an independent nation. "Full independence is the only way to go," he said.

In constitutions adopted during the last two years, the Marshalls voted in two other Pacific island groups, Palau and a part of the sprawling Caroline archipelago known as the Federated States of Micronesia, declared themselves republics under a formula for internal self-government approved by the Carter administration. A fourth group, the Northern Marianas, voted in 1976 to become a commonwealth of the United States, like Puerto Rico.

The 2,141 islands and atolls known collectively as Micronesia were wrested from Japan by U.S. forces in World War II. The United States has administered them, under a UN trusteeship, since 1947. The UN Security Council

will presumably have to approve their final political disposition.

The scenic but poor islands of Micronesia have a combined population of about 117,000, with about 30,000 of the people living in the low, verdant Marshalls. The total land area of the group is only 750 square miles (1,200 square kilometers).

Last March, to the dismay of Mr. Kabua and other leaders in the islands, the Reagan administration suspended the Carter program for ending the trusteeship pending an "interdepartmental review" that is still in progress. State Department officials said in Honolulu recently that the review was expected to be completed "by the end of summer."

The islanders are becoming ever more restive and angry as the future of the Carter pact remains unclear.

The manner of Mr. Kabua's return home to Majuro from Japan highlighted another aspect of the deteriorating relations between the Marshalls and the United States. There was no one on hand to greet him at the airport, a lapse in protocol that the 52-year-old president, who is also a revered traditional chief, attributed to U.S. foot-dragging in upgrading the primitive communications in the Marshalls and other islands of the trust territory.

Three separate messages giving the president's time of arrival had not been delivered on Majuro when his plane arrived, according to the Marshall Islands secretary for foreign affairs, Anton de Bruin, who accompanied Kabua to Japan.

**U.S. Atom Opponents Try to Stop Dumping**

**BOSTON** — Anti-nuclear activists in two rubber dinghies tried to prevent the operations of a 1,600-ton ship dumping radioactive waste in the North Atlantic, a spokesman for the environmental organization Greenpeace said Tuesday.

Crewmen on the British-registered ship the Gem sprayed the dinghies with high pressure water hoses, a Greenpeace spokesman said. There were no casualties.

# Firm Says Hugel Foe Is Missing

## Ex-Broker Revealed Charges in CIA Case

By Leslie Mairland

**NEW YORK** — One of the men whose allegations of fraud prompted the resignation last week of Max C. Hugel as the CIA's chief of clandestine operations has disappeared.

The Triad Energy Corp. revealed Monday the disappearance of its president, Samuel F. McNell. Triad also said it has requested the National Association of Securities Dealers to cease quotations on its stock, which is sold over the counter, while attempts are made to find Mr. McNell.

The company said he has been missing since last week when the charges leveled at Mr. Hugel by Mr. McNell and his brother, Thomas R. McNell, were reported. Mr. Hugel called the charges unfounded, unproven and untrue when he submitted a letter of resignation to William J. Casey, the CIA director, who had named him deputy director for operations.

The McNells, who ran a small brokerage firm in the early 1970s called McNell Securities, charged that Mr. Hugel had illegally supplied them with inside information about two companies. At the time, Mr. Hugel was president of one of them, the Brother International Corp., and was negotiating a major business deal with the other, the Centronics Data Computer Corp.

The New York City Police Department's Missing Persons Bureau has not been notified that either of the McNells is being sought. Kenneth P. Walton, deputy assistant director in charge of the FBI's New York office, said that "to my knowledge, we have not been asked to look for them."

Triad's prospectus, examined at the Securities and Exchange Commission, notes that Samuel McNell has been president, treasurer and a director of the company since its inception and for eight months before then he was a vice president for investments with Dean Witter Reynolds Inc. Company reports warn that Triad securities involve "a high degree of risk and therefore the purchase thereof should be considered only by those persons who can afford to sustain a total loss of their investment."

**Singapore Ship Sinks**  
HALIFAX, Nova Scotia — The Singapore-registered container ship Berglund, damaged in a collision with a Danish ship in dense fog Monday night, sank Tuesday off Glace Bay, Nova Scotia, the Coast Guard reported. There was no one on board when it sank.

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**U.S.**



## Six Months of Reagan

On Monday President Reagan completed his first six months in office. His administration thus far has shown these defining characteristics:

• It is very much the creature of its leader, a president who is relaxed, a delegator. He is comfortable in the job and not afraid of limiting his hourly, minutiae-bound involvement in it. And with this approach, paradoxically, he has strengthened his capacity to govern forcefully, to make things happen.

• It is reacting with vast energy and commitment and self-confidence to its own sense of mission and that of its basic constituents. This accounts for both its achievements and its shortcomings.

At the time of the president's election last November, there was in America a general consensus, much larger than that reflected in the actual Reagan vote, for correcting and reversing a lot of trends associated with Democratic liberalism and establishment dogma in both domestic and foreign affairs. The question is whether the administration, in responding to this mandate, is not in certain areas being as extravagant and doctrinaire and undiscriminating as were the perpetrators of all those various excesses it is trying to cure.

Mr. Reagan has shown himself as skilled at the politics of making a government perform as he was at the politics of getting elected. Witness the unexpected accomplishments of his ambitious plans for federal budget cuts. The president and David Stockman and company knew they had to move very fast, concentrate all attention on this issue, grease and/or contend with Congress where and as necessary, and let nothing take precedence over their early assault. It worked, at least insofar as budget cuts were made beyond anything previously thought possible. A negative result of this strategy has been that the preoccupation with the budget battle has either caused, or been used as a justification for, neglect of other business.

We will be frank with you: We couldn't be more pleased that some of this business has been neglected. On a variety of civil liberties, civil rights and so-called "social" issues (all political issues are social, even the ones that seem to be about geology), the administration has yet to get its act together or issue promised policy statements. We can wait. Congress and the Court are already doing plenty in this realm that strikes us as ranging from mischievous to miserable, and we do not have enormous faith in this administration as a prospective rescuer of the situation.

The general vacuum that has resulted from all the highly trained attention on the economic program has been filled or not filled, as you would expect, according to the caliber of the people doing other jobs. For example, although the administration's overall deregulation campaign has yet to be brought to fruition at Transportation, some practical, if difficult, decisions have been made, while at the Energy Department — and in fact in the whole field of energy policy or lack thereof — the indifference and inaction have been marked. Likewise, the president's concentration and that of his top aides on getting that economic package through must be account-

ed one reason why within his national security group there has been such institutional dishevelment and noisy political discord.

But the concentration on that package is not just a cause (of certain other behavior). It is also an effect, a result, the end-product of a kind of zeal that has led the administration to override everything in its way. Some things deserved to be overridden. But others didn't, including certain values and commitments that a federal government and a decent society should preserve. And so, as it awaits the general benefits promised by a dubious economic theory, it has put at risk — by some of its welfare, Social Security and other federal domestic program cuts — the minimal well-being of persons who are already at the bottom of the economic heap. And when you combine this with the bias of the Reagan tax program toward the rich and the somewhat careless way in which the overhaul of certain policies affecting blacks is being approached, it takes on an aspect of coldness and indifference probably utterly at odds with what the president intends.

This all-or-nothing attitude is evident as well, of course, in the Interior Department and to some extent in the administration's attempt to reconstruct foreign and defense policy on some basis less wishy-washy and inconclusive than the basis it inherited. But the commitment, again, often seems to lack inner discriminations — on arms transfers and nuclear nonproliferation, for example. We are among those who believe that much of the administration's reaction and that of the public against prevailing national security nostrums was justified. But we often get the sense of being in the presence of an over-reaction, a self-certainty and slavishness to doctrine that, whether in the human rights field or that of Third World dealings or arms control, could propel the government from sensible actions to reckless exercises in theoretical point-proving.

It will take much time to test out the validity of Mr. Reagan's foreign policy assumptions (especially concerning U.S.-Soviet relations) and of his economic bet. And it takes more than six months to tell how much of an administration's early conduct is here to stay for the whole four years. So everything is in doubt. And this is above all true of the big question: namely, whether this administration will be a four-year reaction — a fluke — impelling a wayward political establishment to correct its course, or whether it is the beginning of something solid and big.

But we will say two things with certainty. One is that if the administration overreaches — as it now seems inclined to — in its attempt to counter the defects of the Democratic past, it will hand Jimmy Carter his best revenge.

The other is that this administration would be enormously improved by the existence of a strong and intelligent and coherent Democratic opposition. But that is nowhere to be seen, and it is one thing, even in a political culture that holds presidents accountable for everything from heavy rainfall to baseball losses, that can't be blamed on Ronald Reagan.

THE WASHINGTON POST.

## Trust in Intelligence

The Reagan administration has two responses to a judge's finding that William Casey once violated the federal securities laws, years before he became director of central intelligence. The president says the lawsuit is "old news." Mr. Casey says any infraction was the fault of brokers and accountants he relied upon. Neither response is adequate.

Sure, everyone knew that some disgruntled investors were accusing Mr. Casey and others of exaggerating the soundness of a farming company for which they sought capital. But now a federal court finds the key charges true. That is new news.

As for Mr. Casey's claim of reliance on others, that is precisely the argument a federal court has rejected. Yes, others prepared the circulars for potential investors, but Mr. Casey knew what they said — and what they didn't say about the company's less than fully operative farming units and heavily encumbering mortgages.

The issue here is not Mr. Casey's competence in intelligence but the administration's standard of responsibility. Directors of intelligence or corporations, do not hide behind the misjudgments of subordinates. And presidents should not tumble to a subordinate's gloss of the record.

THE NEW YORK TIMES.

## International Opinion

### On American Effectiveness

There can be little doubt that Washington's economic policies will not only demand sacrifices from America's citizens but will also have consequences for Europe that we would prefer to do without. But it would be senseless to demand that President Reagan should change course, just when he has adopted policies that Europe had been urging on his predecessor for years. What Europe cannot do without is an America that is economically healthy and thus politically effective.

— From *Neue Zürcher Zeitung* (Zurich).

### Ways to Deal With Begin

The world, and notably the United States, must act swiftly to arrange a cease-fire between Israel and the Palestinians. The decision to bomb Beirut, and the appalling death

and destruction which resulted, is a savage escalation of the fighting on the Israel-Lebanon frontier.

Mr. Begin, his election over, appears as incapable as ever of recognizing the risks he is taking with Israel's future, as well as that of the Middle East as a whole. He has the tunnel vision of a former terrorist, and tries to solve complex political issues by disproportionate military response to terrorism by Palestinians.

Terrorism must be stopped, but this is not the way. Mr. Begin's efforts at mediation deserve support. But if Mr. Begin's stubbornness does not respond to reason, President Reagan will have no alternative but to be more ruthless in cutting Israel's defense supplies. The savagery of such indiscriminate air bombardment is not tolerable.

— From *The Observer* (London).

## In the International Edition

### Seventy-Five Years Ago

July 22, 1906

NEW YORK — An editorial in the Herald reads: "Who says the automobile industry is not growing? There are 82,000 cars at present in use in the United States. New York leads, with a registration of nearly 31,000 machines, New Jersey being second, Massachusetts third and Pennsylvania fourth. The horse is not going, but it cannot be denied that the automobile has come to stay." There has been so much ballooning recently in this city that what was regarded as a scientific experiment is now looked upon as a nuisance. The World asks "just why a balloonist should be allowed to drag away honest people's washing, rip up roofs, ruin gardens and obstruct traffic in the streets."

### Fifty Years Ago

July 22, 1931

LONDON — The leaders of the Nationalist movement in Germany wired a message to Chancellor Brüning in London today, warning him that any obligations assumed by him in the conference there for credit to Germany would not be considered binding by the opposition. The telegram is signed, among others, by Adolf Hitler, the Fascist leader; Hugenberg, the Nationalist leader, and the Steel Helmet chiefs. The message is really directed against the powers represented in London, to warn them that any engagements entered into by the German delegates will be repudiated by the Nationalists as soon as they come into power, which they are hoping to do by autumn.



## Nonproliferation Policy Is 'More Vigorous,' Maybe

By Tom Wicker

NEW YORK — Two days after Secretary of State Haig said that the Reagan administration was "developing more vigorous policies for inhibiting nuclear proliferation," those policies turned out to include acquiescence in the development of breeder reactors, with which weapons-grade nuclear materials can be produced.

International controls to prevent such production will be required, but, according to many knowledgeable commentators on Israel's bombing of Iraq's reactor, such controls can be got around. And the best control would be to prevent the production of weapons-grade material.

Officials explaining the administration's approach said it would apply only to Europe and Japan and not at this time to countries elsewhere. It still is a step back from the Carter administration's opposition to breeder reactors anywhere, rather than a "more vigorous" anti-proliferation policy.

This doubt, so quickly cast by the White House on a major element of the arms control strategy, suggests that the general goal may not achieve two purposes his aides said he had in mind: to reassure the Europeans that the administration is serious about theater nuclear negotiations, and to placate domestic liberals without alarming conservatives about its arms control intentions.

But even without the proliferation question, Haig's remarks might not have achieved those ends. He made a commitment of sorts to return someday to general arms control talks with the Soviet Union, but the administration view he described seemed restrictive and subordinate to its other security policies; and this reluctant approach may well outweigh, in European eyes, his pledge to begin theater nuclear talks this year.

The secretary said, for example, that arms control talks could not solve such security problems as the vulnerability of American land-based missiles "until we demonstrate that we have the will and the capacity to solve them without arms control." In other words, arms control must wait until the administration's military buildup reaches a "position of strength" from which Reagan judges it safe to negotiate.

Who knows what the result will be, and how much getting there will cost? Meanwhile, that "vulnerability" is more a theory than a fact — a theory that overlooks the certainty that if the Russians were to attack those "vulnerable" missiles, their society would be destroyed by the other two legs of the American nuclear triad.

## Ireland, 1940: The IRA, a Hunger Strike

On April 19, 1940, David Gray, the U.S. minister to Ireland, wrote the following letter to President Franklin Delano Roosevelt:

I am in it up to the neck. For an hour this afternoon Count Plunkett and his wife and daughter-in-law besieged me in behalf of their son who is on the 55th day of his hunger strike. My line was: "Why doesn't your son live for his country? Why doesn't he take legal and constitutional means to win a majority in his viewpoint?" They kept insisting that the Irish Republic was the only legal government and that consequently the IRA was legal and they must be treated as prisoners of war or political prisoners.

I said to them, "What if we four were the government and another body proclaiming to be the true government hunger struck against us? Should we give in to it? If we did so, what would become of the authority of our government?" They said this De Valera government is not a true government. It does not represent a majority of the people. "Who does it represent?" I said, "The English," they answered....

P.S.: We went in to the movie last night and were stopped by a long IRA procession escorting the body of the man who died after the hunger strike was broken. This was far more impressive and sinister than the one in the morning of the day before. There were at least three companies of 50 or 60 men each of IRA lads who marched as soldiers very smartly, though not in uni-

form and unarmed, and were determined-looking lads, not the bums of the other procession. There was a long halt and they all stood impassively in the rain. It was very grim, a dedication not to love of country but to hate of the established order, whatever that might be.

On May 8, Franklin D. Roosevelt replied to David Gray:

THANK the Lord the hunger strike seems to be over. The continuation of hunger strikes and outrages of all kinds, IRA or otherwise, only hurts the cause of complete Irish independence in other nations.

These U.S. government documents, are from the presidential papers at the Franklin D. Roosevelt Library at Hyde Park, N.Y. ©1981, The New York Times.

The Herald Tribune appeared in Paris on April 21, 1940, with the following front-page report from Dublin:

The eight-week-old hunger strike staged by six Irish Republican Army prisoners as a protest against the De Valera government came to an end last night, but too late to save John McNeela. He died four hours after his comrades had agreed to call off the fast. He was the second victim.... [The men] went on strike as a protest against the government's refusal to treat them as political rather than criminal prisoners.... [The survivors included] John Plunkett, who took part in the Easter uprising of 1916.

## The Seed That Pol Pot Sowed

By Richard Holbrooke

The writer served as assistant secretary of state for East Asian affairs in the Carter administration.

WASHINGTON — There was a Secretary of State Haig last week, making his first United Nations appearance. What did he talk about? Vietnam and Cambodia.

Vietnam and its irredentist ambitions remain the great unresolved issue of East Asia, but there were differences aplenty between that scene in New York and the past. Vietnam, not the United States, was now virtually isolated. America had no soldiers fighting on foreign soil; Vietnam, backed by the Soviet Union, had more than 200,000 troops in Cambodia.

Thailand, Indonesia, the Philippines, Malaysia and Singapore — who form the promising Association of Southeast Asian Nations (ASEAN) — were the leaders of the UN conference. China, not even a UN member until 1972, and always a strong supporter of Vietnam's wars against France and the United States, was now among Hanoi's most vocal critics.

It was the defeat and withdrawal of the United States in the mid-1970s that created the conditions for Washington's improved diplomatic position in East Asia. No longer does post-colonial rhetoric require calls, sincere or not, for U.S. withdrawal from Vietnam. No longer is it politically risky to be friendly to the United States. Since 1977 almost every nation in

and water. As the world watched, several hundred thousand people crossed the border, collapsing in squalor. Centuries of racial and territorial rivalries between Vietnamese and Cambodians have not been forgotten, and to maintain their position in Cambodia against Khmer Rouge and other guerrilla elements often supported by outside assistance, the Vietnamese have had to keep more than 200,000 troops in Cambodia.

Pressure has built up on the Thai border, and on several occasions fighting has lapped over into Thailand, causing grave concern to the United States and Thailand's ASEAN neighbors. On June 23, 1980, a small battle broke out inside Thailand just as Secretary of State Edmund S. Muskie was flying to Malaysia for meetings with Asian foreign ministers. Within hours the United States, reminding

the world of its security commitments to Thailand, had airlifted a relatively small but symbolically important amount of military equipment to Bangkok.

Washington sent sharp public and private warnings to Vietnam's bankrollers, the Russians. Moscow claimed ignorance of what Hanoi was up to in Thailand, but the Carter administration told the Russians it would hold them accountable for Vietnamese actions in Thailand. There have been no major incidents since.

The Reagan policy does not seem much different from what he inherited. The major differences seem so far to be rhetorical, with Haig abandoning the approach of letting ASEAN take the lead in favor of U.S. leadership of anti-Vietnam sentiment.

This has its appeal, but if overdone could lead to divisions within ASEAN, and between China and ASEAN, that would serve only the interests of Hanoi and Moscow. Among ASEAN's five members, two — Malaysia and Indonesia — do not have the same level of feelings about Hanoi that Thailand and Singapore have. The United States should not take sides publicly between differing views in ASEAN, for without ASEAN solidarity — never easy to achieve and maintain — there is no hope of finding a solution.

There remains the insoluble

problem of Pol Pot and his group. They still exist, with 40,000 or more guerrillas, and constitute the largest and best organized (to say nothing of the most ruthless) of the forces opposing the Vietnamese presence in Cambodia. But no one with a shred of conscience or concern for American values and ideals could countenance U.S. actions, public or private, that would help these people. Although their supporters say the Khmer Rouge "made some mistakes" and have changed, support of the Khmer Rouge is still unacceptable for the United States.

What is left here for the people of Cambodia and for the entire region? The prognosis is bleak, lightened not at all by the UN conference, which Moscow and Hanoi boycotted.

The most popular man among most Cambodians, Prince Norodom Sihanouk, wanders from Peking to Pyongyang without a strategy but still personifying his loyalty to the rest of the world, as he has for more than 30 years. Neither the Chinese nor the Vietnamese trust him, Cambodian intellectuals despise him, the Thais have never forgiven him for winning a World Court case over a disputed temple on the border, and yet there is no one else.

The other groups on the border, the so-called "third forces" of men such as Son Sann, are a motley crew with little hope of gaining power in Cambodia. They evoke memories of other long-lost third forces over which Frenchmen and Americans have shed money, hope and sometimes blood since 1950.

Accepting the Vietnamese takeover of Cambodia is also out of the question for the nations of ASEAN, China, Japan and the West. To do so would be to accept a forcible change in the strategic balance in the region, and the Soviet Union, now building a naval foothold along the South China Sea littoral, would be the major beneficiary. It is for this reason that the United States voted for the Khmer Rouge claim to UN membership, although the vote was obviously a distasteful one. But even Moscow seems to be preparing for the day when Cambodian-Vietnamese rivalries reach the breaking point. There is evi-



dence that the Russians are becoming increasingly annoyed with Hanoi. A rivalry for influence has begun in Cambodia between Soviet and Vietnamese advisers.

For the United States, it is imperative to determine what its real national interests are, and to use limited but real influence to work towards them. I would list them as follows:

- Maintain the security and integrity of Thailand, and support ASEAN unity.
- Deal with the human consequences of the continuing tragedy. That is, despite the heavy costs, continue to lead the world in refugee and relief efforts.
- Work with other nations in the region to contain and reduce Soviet military and naval presence in Vietnam and Cambodia.
- Make clear to Hanoi that it must either find a peaceful role in Southeast Asia, or else spend an indefinite amount of time facing all its neighbors and most of the rest of the world in an isolated posture.
- Search, although the task will

be difficult and the chances of success small, for a way to effect a compromise political solution in Cambodia.

The reader may well ask: why should we bother? Why not leave the whole area, with all its tragic memories for America, alone to stew in its own mess? The answer lies at two levels.

First, the global strategic balance requires for U.S. national security a stable equilibrium of power among the major states in the Pacific, and at this time, through its support of Hanoi, Moscow is trying to change that balance to its advantage. This will cause serious problems to the United States and its friends, both large and small.

Second, the United States must try to deal with the human consequences of the war and seek a political solution, no matter how difficult, because as the world's greatest nation it cannot walk away from the problem. As long as the killing and chaos continues, to try and fail, if the efforts are honest, is far better than not to be tried at all.

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# Lyudmila Zhivkova, Leader's Daughter, Is Dead in Bulgaria

**SOFIA** — Lyudmila Zhivkova, 38, daughter of Bulgarian President Todor Zhivkov, and considered the most influential person in the country after her father, has died, the official BTA news agency reported Tuesday.

The agency gave neither the date of her death nor what caused it except to say that it followed "a short illness." Bulgarian radio reported her death for the first time on Tuesday.

Mrs. Zhivkova was a member of the Bulgarian Communist Party's ruling Politburo and chairman of the Committee for Culture. BTA said that her death "is a hard and lamented loss for the party and the people and for Bulgarian culture."

There had been no public word that Mrs. Zhivkova was ill. She appeared to be in good health when she visited Austria last month.

**Managerial Skills**  
Mrs. Zhivkova, an ambitious, strong-willed woman noted for her managerial skills, owed much of her power to the influence she wielded on her father, Bulgaria's longtime Communist Party chief and head of state.

Her post as chairman of the Committee of Culture gave her broad powers in this pro-Soviet nation of 8.8 million people. She was considered the unofficial leader of Bulgaria's "new class" of young, well-educated intellectuals and technocrats who grew up under the Communist system.

Mrs. Zhivkova was born in the Bulgarian capital of Sofia on July 26, 1942. She studied history at Sofia State University and in 1970 enrolled at St. Anthony's College, Oxford, England, for a year of postgraduate research on British

policy in the Balkans before World War II. While in Britain, she lectured in Bulgarian history at Oxford and in London on the contribution of Bulgarians to European civilization.

**Unofficial First Lady**  
Following the death of her mother in 1971, Mrs. Zhivkova assumed the unofficial role of Bulgaria's First Lady. She was elected to full membership in the party's Central Committee in 1976. Three years later, she was elevated to the Politburo, the policy-making arm of the party. Last May, she was given supervisory responsibility within the Politburo for all state education.

She was widely respected within Bulgaria for her promotion of arts and culture and for her close links to the country's artistic community. Under her tutelage, the regime gradually abandoned the dogmatic approach to arts that affected culture here during the 1950s and 1960s.

Despite her prominence, little was known of her personal life. She was married to Ivan Slavkov, 41, director-general of Bulgarian Television. She had two children, a daughter, Zheni, and a son, Todor.

**Arthur K. Train**  
**NEW YORK (NYT)** — Arthur K. Train, 79, author of "Spoken Like a Frenchman," a guide to French argot, died Sunday of heart failure. Mr. Train also translated from the French "Fire From Heaven," a novel about Gilles de Rais and 15th-century France.

**Roxane Kamenstein**  
**NEW YORK (NYT)** — Fashion designer Roxane Kamenstein, 72, died Saturday. She was the author of "The Secret of Couture Sewing" and "Sew Like a Pro."

# Convict-Author Is Sought In Killing of N.Y. Waiter

**By Joyce Wadler**  
*Washington Post Service*

**NEW YORK** — A convict whose book on prison life was reviewed last month, and who was championed while in prison by Norman Mailer, is being sought by police here for questioning in the stabbing death of a Manhattan waiter.

Jack Henry Abbott, the object of the police search, is the author of "In The Belly of The Beast: Letters From Prison."

Police said that a man had been sitting at a table in the restaurant with two women when he got into an argument with waiter-manager Richard Adan at about 5:30 a.m. Saturday. The men stepped outside to continue the argument. Sometime later, Mr. Adan, 22, was fatally stabbed in the chest and the man fled.

The argument, according to De-

tective William Majeski, "began as a low-key verbal altercation regarding the availability of a bathroom. I know it doesn't sound very logical to get into a fight over a bathroom, but the fact is, it is not very logical."

What happened outside the restaurant is unclear. Police have issued no warrant and filed no charges. Mr. Abbott is being sought only for questioning.

**Prostitute's Child**  
Born on a Michigan army base, the child of a prostitute, Mr. Abbott at 12 was sent to reform school for car theft, burglary and gun theft. Free at 18, he was out of prison for only six months before being sent back for writing a bad check. At 21 he killed a fellow inmate. Later, during an escape from prison, he robbed a bank. Between the ages of 12 and 37, he lived outside prison for approximately nine months.

In his book, Mr. Abbott writes that he had been "state-raised" and because of having lived a life in prison, he lived "only through words, through reading and my immature imagination. I can imagine I feel those emotions... but I do not. At age 37 I am barely a precocious child. My passions are those of a boy."

The book came into being when Mr. Abbott contacted Mr. Mailer at the time of "The Executioner's Song" about Gary Gilmore, the Utah murderer who died by firing squad in 1977 in the first U.S. execution in a decade. Mr. Abbott, in a letter to Mr. Mailer, said he understood that Mr. Mailer wanted to learn about prison life and that he could describe what it is like to be a long-term prisoner in an American prison. A correspondence began, resulting in 1,000 pages of letters from prison. Mr. Mailer took the letters to his agent, Scott Meredith, and Mr. Meredith took the book to Random House.

"Norman called and said the man was a major writing talent and we agreed," says Mr. Meredith, who negotiated "a modest deal, a \$15,000 advance, though that's pretty good for a first book." Mr. Meredith said that Mr. Abbott should earn about \$60,000 from books currently in print, and his royalties could go as high as \$200,000.

**\$150-a-Week Researcher**  
Mr. Meredith, who had gotten to know Mr. Abbott since his June 5 release, said he was working as a \$150-a-week researcher for Mr. Mailer and living in a halfway house. "It was quite extraordinary," in the book he talks about violence being a way of life in prison, but in outside life, that wasn't the case," he said.

There was no sign of any violent behavior... He did become frustrated rather easily over small things... He didn't know anything about the ways of the outside world, little things.

"He called up the other day because he had run out of toothpaste and he didn't know where you go to buy a tube of toothpaste. When we gave him his money he didn't even know how to open a bank account. His editor at Random House had to go with him."

Mr. Meredith spoke with his author last Friday night, he said, just hours before the stabbing. The conversation had to do with the McDowell Colony, an artist's retreat in New Hampshire. Mr. Abbott wanted to know how to apply. They also discussed a book Mr. Abbott wanted to write. It was to have been a novel, said Mr. Meredith, about making the adjustment to outside life.



The Vernon version of the Mona Lisa (left) and the Louvre Lisa: Note differences in smile, hands, hair and background.



# Mona Lisa: Capers and the Multiple Version Theory

**By Jeffrey Robinson**  
*International Herald Tribune*

**LONDON** — At 5:30 in the afternoon, the Louvre's curator of Egyptian art was the one to make the official statement. "La Gioconda is gone."

It was Aug. 22, 1911. Someone had stolen the Mona Lisa. It was two years before the painting returned to the Louvre. All that time, it lay hidden in a room within walking distance of the museum.

"Truth is not only stanger than fiction; it is much more fascinating," says Seymour Reit, whose book "The Day They Stole the Mona Lisa" has just been published in Britain by Robert Hale. (It was brought out earlier this year in the United States by Summit Books.) "The theft of the Mona Lisa was engineered by two geniuses who never had any real interest in the actual painting except to get it out of the museum."

The brain of the team was a self-styled marquis called Eduardo de Valfermo, a South American who found some American millionaires each willing to pay \$300,000 cash for the Mona Lisa. The talented member of the team was an art restorer from Marseille named Yves Chaudron. He painted six "perfect" Mona Lisas. Once the da Vinci painting was out of the Louvre, each of the six could be sold as the original, and they were. De Valfermo and Chaudron disappeared. The three men who actually pulled off the heist were left with the genuine da Vinci, which one of them finally tried to repatriate to Italy.

All that alone would make for a thriller, but while working on the book, Reit became convinced that he had found an even bigger story. He had researched led him to search for copies of the Mona Lisa. "There are literally dozens of great copies of this painting in the world (many by da Vinci's students), but they're not usually confused for the real thing. I personally saw 12 different versions and, of those, four were very good."

The first is the da Vinci in the Louvre. The second is in Nice. An antique dealer came across it in a small shop; it is probably a 19th-century copy. The third, owned by the Pulitzer family, is now in a Swiss bank vault. Reit also doubts the authenticity of this Mona Lisa, but he said of the fourth, which is in New Jersey: "I think there is reason to believe that it was painted by da Vinci."

**Not Dated**  
Da Vinci did not write about the Mona Lisa in his diaries, as he did for his other work, and the painting is not dated or signed, though it was likely done in 1503-06.

A da Vinci biographer, Giorgio Vasari, wrote in 1550 that the master worked on a portrait of the wife of Francesco del Giocondo for four years, then "left it unfinished."

"The Year of the 13 Moons," by the non-stop West German cineast Rainer Werner Fassbinder, though not a horror film, is quite horrible. Its premise — a man is transformed into a woman — has provided Thorne Smith in "Turnabout," George Axelrod in "Goodbye Charlie" and other comedy writers with stuff for sport. Fassbinder presents it with portentousness and grotesque intent.

We are informed that the 13-month year, according to superstition, harbors violent changes. Such a year was 1978, in which the film was made and story unfolds. (The next 13-month year is 1992, comfortably distant.) This is an effective introduction. Consider, now, the contents.

Enter now, as Reit tells it, one William Henry Vernon, who in 1778 was sent from America to sow wild oats in France. He liked the life, stayed, and found himself in the middle of the French Revolution. According to Reit and the Vernon family legend, William eventually returned to the United States with a painting entrusted to him by Marie Antoinette, which he listed among his possessions as "A Nun, a finished picture by Leonardo da Vinci."

That painting, now in New Jersey, "is one I've seen and studied and find to be more beautiful than the version in the Louvre, but not as richly painted," Reit said. "It was not uncommon, you know, for an artist to do several versions of the same subject."

Reit's theory is that da Vinci painted La Gioconda for her husband before 1505, when she was probably in her mid-20s. This would be the Vernon Lisa. "The columns are there, so it really couldn't be a later copy," he said. (This painting and the Louvre's are the only versions done by a left-handed person, he said, and da Vinci was left-handed.) By about 1513, Reit believes, the lady had become the lover of a powerful Florentine, who asked da Vinci for another portrait, and da Vinci, as a prank, duplicated the earlier pose.

"The second one does not show the fresh, youthful woman of 1505, but it does show the artist at the height of his power."

**Strong Case**  
Reit is not alone in believing there's a strong case for the Vernon version's being by da Vinci. In 1929, the Fogg Museum at Harvard University dated the painting "unmistakably from the da Vinci period." Other experts have gone so far as to say that it clearly shows da Vinci's hand.

Understandably, officials at the Louvre do not agree. Madeleine Hours, director of the Louvre's Laboratory Services Department, said: "Sketches of the painting may be possible, but another painting, no, never. Leonardo did very few paintings and never repeated himself."

The Vernon painting is on canvas while the Louvre's version is on wood, and there, Hours said, is the main clue: Da Vinci did not work on canvas, nor did other painters of his circle. "It must very clearly state that any version of 'La Gioconda' by da Vinci, earlier or later, is totally out of the question," she said.

Reit counters, "Canvas was just then coming into use and there is no reason to believe that da Vinci might not have been curious enough to try it. I'm not saying that the Louvre version isn't by da Vinci, just that the 'two Lisas' theory fills in a lot of historical gaps. And if she's smiling in the Louvre, it might be because she knows more than the rest of us."

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# Cooke Says Titan-2 Case Deal Abused

**By Charles R. Babcock**  
*Washington Post Service*

**WASHINGTON** — The Air Force Titan-2 missile officer under investigation for allegedly passing defense information to the Russians has charged the chief of the Strategic Air Command with trying to cover up apparent flaws in the immunity agreement that is a key part of the case.

Capt. Francis W. Pedrotty, the attorney for 2nd Lt. Christopher M. Cooke, said in papers filed last week in the U.S. Court of Military Appeals that Lt. Cooke should be released from custody, and his potential court-martial blocked, because Gen. Richard Ellis, the SAC commander, abused his authority in pressing charges. Lt. Cooke has been charged with making unauthorized visits to the Soviet Embassy.

The court papers quoted an Air Force investigator as saying a superior had heard that Gen. Ellis was angry because he knew the immunity promise would bar prosecution.

According to the investigator, the superior quoted Gen. Ellis as saying that, because he was about to retire, "he was going to get Lt. Cooke." Since then, Gen. Ellis and his chief legal adviser have kept Capt. Pedrotty from taking testimony, which would "indicate a cover-up is already taking place," the court papers said.

**Codes Changed**  
A SAC spokesman in Omaha declined to comment on the charges.

Pentagon sources said that, after Lt. Cooke was arrested in late May, codes to nuclear missiles had to be changed. At the time, authorities said Lt. Cooke, 25, from Richmond, Va., was identified as having visited the Soviet Embassy here.

Capt. Pedrotty and Lt. Cooke's civilian attorney, F. Lee Bailey, countered that their client should not be prosecuted in military or criminal courts because he had been promised complete immunity if he cooperated and passed a lie detector test about his contacts with the Russians.

Justice Department prosecutors are reviewing the case but have indicated the immunity problem may bar prosecution on espionage charges.

# Low-Calorie Wine Gets Boost in U.S.

**Los Angeles Times Service**  
**LOS ANGELES** — Paul Masson Vineyards says a technological breakthrough permits it to make the lowest-calorie wines yet produced, and throughout the year, not just at harvest time.

That would put Paul Masson a step ahead of Coca-Cola Co., the first to announce low-calorie wines, under the Taylor label, but Coca-Cola has said its process can be used only shortly after harvest if the freshness of the wine is to be maintained.

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# Theater West Germans Seeking To Bypass Brecht Heirs

**By Ellen Lentz**  
*New York Times Service*

**BERLIN** — Twenty-five years after the death of Bertolt Brecht, a group of West German theatrical directors and performers has called on the East Berlin Academy of Arts to place Brecht's plays in a national trust and divest his legal heirs of some of their rights.

The West Germans took their step after one of Brecht's daughters, Barbara Brecht Schall, who lives in East Berlin, barred a West German director, Hansgünter Heyme, from producing Brecht's "The Good Woman of Sezzan" at the Stuttgart state theater. The move did not come as a surprise; a conflict between Brecht's heirs and theaters in East and West Germany had been shaping up for some time.

**'Arrogant Attitude'**  
When Brecht died in 1956 in East Berlin, where he had settled after his return from the United States, he left a will giving his heirs control over the production of his works on the German-language stage. Under existing copyright laws, they also receive the royalties for any production during a 70-year period after the author's death.

"Brecht's plays belong to the theater and to the public," the West German Academy of Performing Arts said in its appeal to the East Berlin academy. "Because of the arbitrary and arrogant attitude of the Brecht heirs, we favor your setting up a national trust for his work." The West German academy, which has more than 90 directors and producers among its members, added that royalties and other economic benefits should remain with the heirs.

The heirs are Brecht's three children: Hanne Hüb, a West German actress; Stefan, a writer and translator who lives in New York; and Schall, a member of the Berliner Ensemble, the theater her father founded in East Berlin after the war. Her husband, Ekkehard Schall, is co-director.

Barbara Schall has been instrumental in preventing East Berlin theaters other than the Berliner Ensemble from staging Brecht plays, according to one German director, Matthias Langhoff. Langhoff said some years ago that he was forbidden to stage "The Days of the Commune" at the East Berlin Volksbühne even though the Brecht ensemble had no plans to produce the play on its own stage. Langhoff has since crossed over and works in West Germany.

"Brecht's heirs can give rights or refuse them," he said recently. "I find it right and good for the Berliner Ensemble to concentrate on Brecht's works as far as possible." But he added that it seems "wrong for the heirs to bar other theaters from producing the plays even though they are not on the Ensemble's repertory."

The East Berlin Academy of Arts has already placed most of Brecht's other writing and papers in an East German heritage trust.

# New Vatican Chapel

**The Associated Press**  
**VATICAN CITY** — The Vatican has opened a new chapel dedicated to the three patron saints of Europe — Benedict, Cyril and Methodius. The chapel, in the Vatican grottoes under St. Peter's basilica, is expected to be available for services in mid-August. It is decorated with panels depicting the three saints.

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<b>295 F</b>	<b>295 F</b>
22 h 30 Revue et 0 h 30 champagne	22 h 00 Revue et 0 h 30 champagne
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# NYSE Nationwide Trading Closing Prices July 21

Tables include the nationwide prices up to the closing on Wall Street.

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12.00	10.00	AA				12.00	10.00	11.50	+0.50
11.00	9.00	AAA				11.00	9.00	10.50	+0.50
10.00	8.00	AB				10.00	8.00	9.50	+0.50
9.00	7.00	ABC				9.00	7.00	8.50	+0.50
8.00	6.00	ABD				8.00	6.00	7.50	+0.50
7.00	5.00	ABE				7.00	5.00	6.50	+0.50
6.00	4.00	ABF				6.00	4.00	5.50	+0.50
5.00	3.00	ABG				5.00	3.00	4.50	+0.50
4.00	2.00	ABH				4.00	2.00	3.50	+0.50
3.00	1.00	ABI				3.00	1.00	2.50	+0.50
2.00	1.00	ABJ				2.00	1.00	1.50	+0.50
1.00	0.50	ABK				1.00	0.50	0.75	+0.25
0.50	0.25	ABL				0.50	0.25	0.375	+0.125
0.25	0.125	ABM				0.25	0.125	0.1875	+0.0625
0.125	0.0625	ABN				0.125	0.0625	0.09375	+0.03125
0.0625	0.03125	ABO				0.0625	0.03125	0.046875	+0.015625
0.03125	0.015625	ABP				0.03125	0.015625	0.0234375	+0.0078125
0.015625	0.0078125	ABQ				0.015625	0.0078125	0.01171875	+0.00390625
0.0078125	0.00390625	ABR				0.0078125	0.00390625	0.005859375	+0.001953125
0.00390625	0.001953125	ABS				0.00390625	0.001953125	0.0029296875	+0.0009765625
0.001953125	0.0009765625	ABT				0.001953125	0.0009765625	0.00144609375	+0.00048828125
0.0009765625	0.00048828125	ABU				0.0009765625	0.00048828125	0.00073046875	+0.00024375
0.00048828125	0.00024375	ABV				0.00048828125	0.00024375	0.000365234375	+0.000121875
0.00024375	0.000121875	ABW				0.00024375	0.000121875	0.0001826171875	+0.0000609375
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0.0000609375	0.00003046875	ABY				0.0000609375	0.00003046875	0.0000457546875	+0.000015234375
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0.000000001904296875	0.0000000009521484375	ABN				0.000000001904296875	0.0000000009521484375	0.000000001438140869140625	+0.00000000047607421875
0.0000000009521484375	0.00000000047607421875	ABO				0.0000000009521484375	0.00000000047607421875	0.0000000007190704345703125	+0.000000000238037109375
0.00000000047607421875	0.000000000238037109375	ABP				0.00000000047607421875	0.000000000238037109375	0.00000000035953521728515625	+0.0000000001190185546875
0.000000000238037109375	0.0000000001190185546875	ABQ				0.000000000238037109375	0.0000000001190185546875	0.000000000179767608642578125	+0.00000000005950927734375
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# GULF STATES

## Six Nations Forge Ahead On Logical Path of Unity

By Ken Whittingham

**FOR** SAUDI ARABIA, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates — sharing a common language, religion, culture and historical heritage — cooperation is simply good sense. The rulers of the six nations met in Abu Dhabi in May and formally committed their states to membership in the Gulf Cooperation Council (GCC).

The council, set up earlier this year, is not a new venture for the six. Ministerial meetings and joint councils have been convened regularly during the last two years to develop the exchange of information and coordinate planning between the states of the Gulf. Positive effects are already apparent in the economic sphere, where joint investment in major industrial plants has diminished the duplication of efforts.

Because they are all to a greater or lesser degree dependent on oil, and are all embarked on much the same path of development within the same time period, cooperation could offer major economic benefits. Joint efforts in the production, marketing and purchasing of raw materials can ensure that development investments are not wasted in producing commodities for which there are no markets.

The people of the six Gulf states have many close ties of kinship, and clearly it is advantageous to have relatively easy access between neighboring countries. This also applies to businessmen, who are being encouraged to invest in the

Gulf itself rather than putting their wealth in the hands of Western financial organizations. With the heavy industrial development phase well on the way, there is great potential for local entrepreneurs to engage in light industry.

### Mutually Beneficial

Barely a day passes in the Gulf without some meeting being held or agreement being signed to bind the six states more closely. The relationships are mutually beneficial, and no threat is posed to the sovereignty of any of the states.

Formal cooperation is a logical step as each state reaches a level of organization where such coordination becomes possible. But it is also an urgent but mature political response to the threat of foreign intervention or even political meddling in this sensitive, vulnerable reservoir of the world's energy supplies.

Since the Iranian revolution removed the heavily armed, Western-backed regime of the late shah, Mohammed Reza Pahlavi, Western politicians and experts have again turned the spotlight on the Gulf as an area of strategic importance and in danger of invasion by Soviet forces and incapable of self-defense.

The same kind of argument was raised by opponents of Britain's military withdrawal from the Gulf in 1971. But a great deal has changed in the last decade. As each of the Gulf states has found political and, more importantly, economic independence and sov-

erignty, it has succeeded in solving domestic problems and reducing its dependence on foreign support.

Moreover, the surplus wealth of the Gulf states has given them a unique position in the world as major aid donors. At least three states — Saudi Arabia, Kuwait and the U.A.E. — have consistently figured in the top 10 aid donors in absolute terms. But these states are themselves developing, and their attitude toward the recipients is different from that of advanced Western nations. Thus the Gulf states have, through their financial policies, won friends and ties in most of the Third World to become effective leaders in the Islamic and Group of 77 blocs at the United Nations.

### Highest Levels

The Gulf states are no longer backward, anachronistic fiefdoms from which oil can be obtained in exchange for a little money and consumer goods. They have their own economic base, social and administrative structures, and they have earned a place in the highest levels of the commercial and industrial world.

The fall of the shah, the policeman of Western interests in the Gulf, not surprisingly created panic in Washington and in European capitals, but there was not much evidence of panic or even surprise in the Arab Gulf states. Nevertheless, the lessons already learned by most governments in the region were confirmed.

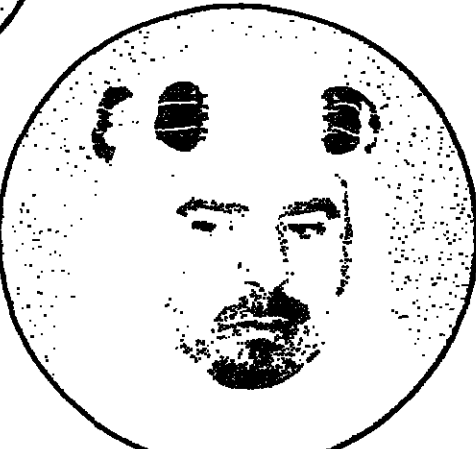
Development, they all knew, es-



Sheikh Zayed bin Sultan al-Nahyan  
... U.A.E.



Sheikh Khalifa bin Hamad al-Thani  
... QATAR



Sheikh Isa bin Sulman al-Khalifa  
... SAUDI ARABIA



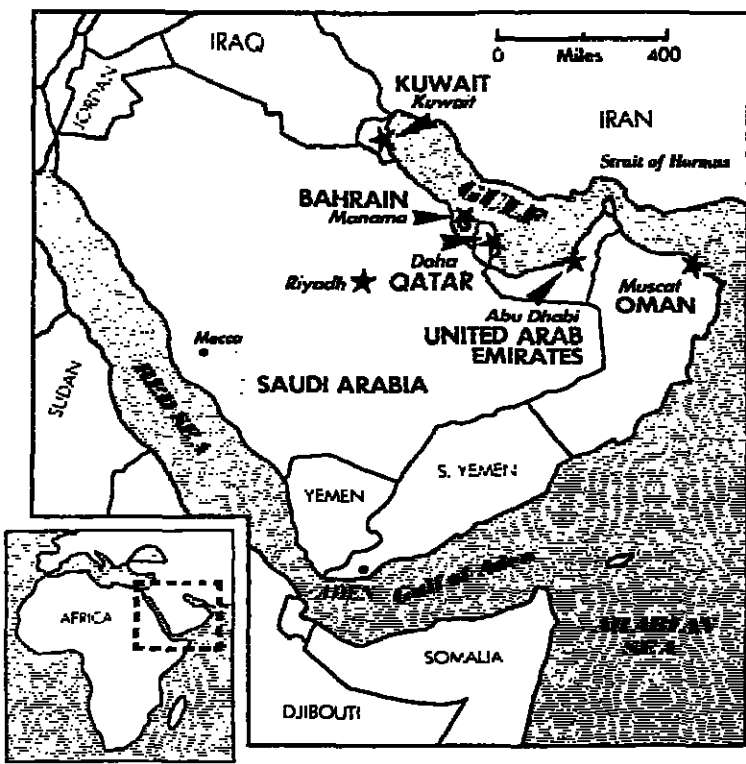
Sultan Qaboos bin Said  
... OMAN



King Khaled  
... SAUDI ARABIA



Sheikh Jaber al-Ahmad al-Sabah  
... KUWAIT



pecially of the high-speed variety seen in the Gulf, is a risky business, especially if the ruler gets carried away with his own ambitions and forgets the people. If the people are ignored and alienated, all the weaponry and repressive systems in the world will not be sufficient to keep them down.

### Social Development

In those states that were not already embarked on a sensible course, there was an increase almost overnight in spending on social improvements, housing, health and so on. Such development was already taking place, but it was speeded up to make a more dramatic impact on the population. This was especially felt to be necessary in Saudi Arabia after the extremist attack on the Grand Mosque at Mecca.

All this — plus increased cooperation between immigration and security services, and the coordination of labor policy between the states — was aimed at preventing domestic unrest, or the opportunity for foreign agitation. Kuwait in particular has had problems with its large and long-term immigrant community and has always emphasized that the real threat to the Gulf lies within the region, not from external forces.

The emir of Qatar, Sheikh Khalifa bin Hamad al-Thani, who was among the first to promote the

idea of Gulf cooperation as a step toward a common market and eventual unity, has often said that such cooperation and coordination is the only deterrent to foreign ambitions.

### Stronger Terms

Saudi Arabia's foreign minister, Prince Saud al-Faisal, put it in stronger terms before U.S. Secretary of State Alexander M. Haig's visit to the region earlier this year. He told an Arabic magazine: "There are no interests for any power in the Gulf except those of the people of the Gulf themselves. The interests and security of the Gulf can only be protected by the states of the Gulf."

Nevertheless, there are still those in the West who feel that Gulf leaders are merely placating radical Arab states by rejecting a military alliance with the West. Such an attitude reveals a misconception of the concerns of Gulf rulers.

In the last 10 years, the Gulf has

(Continued on Page 9S)

## Joint Projects Bring Diversity To an Oil-Dependent Economy

By Edmund O'Sullivan

**T**HE GULF states are increasingly investing in joint projects to develop sources of income besides oil and to build up the region.

The latest Gulf government project is the Saudi-Bahrain causeway, which will provide a road link between the island and the Arabian peninsula. The plan has been allocated funds in the 1981-1982 Saudi budget, and the low bidder for the construction contract — a consortium led by Ballast Nedam of the Netherlands — is confident that work will get under way this year.

Although it is essentially bilateral rather than pan-Arab, the causeway is indicative of the trend toward greater cooperation. It should have some benefits for the United Arab Emirates, as well as for Saudi Arabia and Bahrain. By helping to open the huge Saudi market to Bahraini manufactured goods, the causeway will stimulate activity on the island, helping to create the jobs necessary for continued political stability.

There is no organization that actually coordinates Gulf economic development. There are, however, several pan-Arab agencies in which Gulf states participate. The most active is the Organization of Arab Petroleum Exporting Countries, established in 1968 to consider ways of increasing cooperation in economic projects. Five members of the Gulf Cooperation Council are in OAPEC — the exception is Oman, which exports negligible amounts of crude.

### Oldest Project

OAPEC's oldest project is the Kuwait-based Arab Maritime Petroleum Transport Co., founded in 1973 to freight oil, gas and refined

products. Unfortunately, its creation almost coincided with the tanker market slump. Last year was the first in which the company recorded a profit.

The Arab Shipbuilding and Repair Yard Co., founded in Bahrain a year after the transport company, has had a more satisfactory earnings record. Its dry dock in Bahrain, linked to the northern Muharraq Island by a man-made causeway, is 4 years old this year.

A third OAPEC project, Agri-corp, has been consistently profitable since it was founded in 1975. Its role is to provide long-term financing for hydrocarbon-related projects in Arab countries. In the Gulf, it has helped finance the expansion of oil industries in Bahrain, Qatar and the U.A.E., principally through loans but increasingly through equity participation. Its latest Gulf project is a lubricant refinery that will be built in Rabiha on Saudi Arabia's Red Sea coast.

The latest OAPEC project is the Arab Consultant Engineering Co., established in Abu Dhabi earlier

this year. The company will bid for consulting contracts in the Arab world, and is intended to be a training ground for Arab petroleum industry engineers.

### Outside Gulf

Although only one OAPEC company is outside the Gulf — the Libya-based Arab Petroleum Services Co. — the organization's interests range to North Africa and the Mashreq. For example, at its meeting in Kuwait in May, OAPEC decided to found a second dry dock company in Algeria. Syria and Iraq are likely to be the beneficiaries of other new OAPEC companies.

Some newer projects in Bahrain have a more specific Gulf orientation. The Gulf Petrochemical Industries Corp. (GPIC), which was inaugurated in March, is owned by Kuwait's state-owned Petrochemical Industries Co., the Saudi Basic Industries Corp. and the Bahrain National Oil Co. The \$400-million plant will produce methanol and ammonia.

Dredging has started in the north of the island for the Arab Iron and Steel Co., which is owned by the Kuwait Foreign Trading, Contracting and Investment Co., Kuwait Metal Pipe Industries, the Arab Industrial Investment Co., the Arab Mining Co., private Gulf nationals and the Iraqi government. The project is expected to cost \$300 million, and will produce steel pellets for further processing in local industries.

In contrast, the Gulf Aluminum Rolling Mill Co. — the result of a feasibility study by the Gulf Organization for Industrial Consultancy — is entirely state-owned. The shareholders are Bahrain, Iraq, Kuwait, Oman, Qatar and Saudi Arabia. Abu Dhabi is invited to participate, but has not confirmed whether it wishes to do so. The plant's proposed output is 40,000 metric tons a year.

### Earlier Project

Bahrain is the site of an earlier experiment in Gulf industrial cooperation. The Bahrain Aluminum Co., founded 10 years ago, is majority-owned by the Bahraini government. Other shareholders are the Saudi government and foreign and joint-venture private companies.

There are some purely private joint ventures as well, although they are more difficult to detect. Most joint private ventures recently have been in banking and finance. They tend to be concentrated in Bahrain, which has offshore banking laws and a special status for investors setting up companies to trade outside the island. Among the new Gulf offshore banks are the Kuwait Ashbah Bank, founded in April by Kuwaiti and Bahraini investors, and the United Gulf Bank.

Analysis has welcomed the moves by Gulf governments to coordinate economic development projects because this indicates a greater willingness to sacrifice national objectives for a regional, and more rational, approach to modernization.

There are still sufficient differences among the Gulf economies, however, to slow plans for greater economic integration between Gulf Cooperation Council members. Oman, in particular, is developing quite differently from the other five states. Bahrain has allowed itself to become a banking and insurance center by creating offshore laws, while no new foreign banks have been able to set up permanent offices in Kuwait or Saudi Arabia.

### Europeans

European suppliers should get a bigger share of Saudi weapons orders. Its biggest traditional supplier, the United States, is unwilling to provide everything the kingdom wants without going through public and, to the Saudis, embarrassing examinations of the kingdom's strengths and weaknesses. The controversy in the United States about Saudi Arabia's request for Advanced Warning and Control Systems (AWACS) aircraft is the latest example of what some Saudis see as the United States' lack of a basic commitment to the kingdom.

U.S. Congressional opposition to the AWACS sale in itself might have been considered unimportant compared to 50 years of commercial and political links between the two countries. But it follows former President Jimmy Carter's veto just before the presidential elections of an F-15 purchase. Together, they continue to aggravate deep Saudi unhappiness about the progress of U.S.-sponsored talks between Egypt and Israel. Crown Prince Fahd's rhetorical call last summer for a jihad (holy war) against Israel was a measure of how strongly the Saudi leadership feels about this issue.

— EDMUND O'SULLIVAN

## OMAN: Revision of Policy Brings Dramatic Results

**D**EVELOPMENT has taken place so quickly in the Gulf region that it is hard to remember that, less than a generation ago, the Arab Gulf states were out of touch with the advances of the modern world, and none more so than Oman.

The former ruler, Sultan Said bin Taimur (his son, Sultan Qaboos bin Said, seized power from him on July 23, 1970), had decided to keep his country isolated from modern influences, and this created discontent among the disparate population and provided the excuse for a Communist-inspired rebellion in the Dhofar province bordering Southern Yemen.

A lack of leadership and political strife prevented the proper exploitation of oil reserves, and even agriculture in Oman — the most verdant zone in the Gulf — was in decline. Sultan Said was at loggerheads with Saudi Arabia because of border disputes, and Oman belonged to no international organizations.

As if that legacy were not enough of a problem for the Saudi-trained Sultan Qaboos, who had been kept away from government affairs, Oman is also the strategic gateway to the world's oil supplies, with vulnerable oil tankers passing through the Strait of Hormuz.

### Different Approach

Faced with the task of dragging a divided nation back into the world, Sultan Qaboos adopted a political approach that is quite different from others in the Gulf. Despite temporary setbacks, it has proved successful, as is shown by his presence at the Gulf summit conference as a full partner in the Gulf cooperation project.

Abandoning the practice of acting behind closed doors, Sultan Qaboos announced his intentions at home and abroad, made decisions and acted on them, and spoke out on vital issues, even when it did not please other Arab heads of state.

On the domestic front, Oman's priorities were necessarily different from those of close neighbors. A relatively large and disaffected population coupled with a relatively small income meant concentrating on education and social development while boosting traditional industries to raise employment and income levels, before embarking on the grand projects familiar elsewhere in the Gulf.

The effects were dramatic. After military defeat of the rebel forces, popular support for opponents of the regime dwindled as people seized the opportunities

being offered for work and education. In a short time, Sultan Qaboos won the support of most, if not all, of his people.

### Rapid Steps

Within the region, rapid steps were taken to mediate the dispute with Saudi Arabia. Other disputes have taken longer, but recently Oman and the United Arab Emirates finally agreed to resolve their territorial claims. Even on the most difficult problem — relations with Southern Yemen — a changed attitude in Aden plus the mediation of representatives of the Gulf Cooperation Council augur well for an end to hostilities. Oman is now extremely active in regional and Arab circles.

A major source of political tension arose between Oman and its Gulf neighbors over the Camp David accords between Egypt and Israel. Oman, lacking the financial resources of its neighbors, is not as well-placed to stand aloof from the West as other Gulf states have done. It initially supported the initiative, and Sultan Qaboos said openly what many others kept to themselves. While Oman adheres to its belief that any process toward peace in the Middle East is better than none, the reconciliations between the Arab League states and Oman have ceased.

Oman, like its Gulf neighbors, is an oil-exporting country, but it is in desperate need of other sources of income. Recent discoveries of oil fields in the southern province of Dhofar and near the Saudi border have dramatically increased Oman's estimated reserves, but it is nevertheless a smaller producer, with a target of only 350,000 barrels a day and a relatively large population of about 800,000.

Economic development has been hampered by two major problems. The first is the long war with Marxist guerrillas in Dhofar, which was a considerable drain on the economy, coupled with the constant need to increase defenses along the Strait of Hormuz. There was a slowdown in military spending in the late 1970s, but recent major additions to military strength have certainly forced up the undiscovered military budget.

The second obstacle has been the nature of Oman's terrain, which is largely mountainous with many areas of difficult access. Since Sultan Qaboos came to power, a lot of capital has been invested in opening the country with a network of roads and telecommunications facilities. New airports and ports were also necessary.

Work on facilities needed, especially for the new oil fields, but in the five-year plan that took ef-

fect this year, there is evidence that Oman is beginning to concentrate more on building up industries, besides oil, with export potential.

Oman could become a major supplier of agricultural products in the Gulf. The industry was in serious decline before 1970, even though it was the basic source of livelihood for the majority of the population. Since problems have been settled in Dhofar, which has a monsoon rainfall unique in the Gulf region, the province has boosted exports.

Under the five-year plan, the Ministry of Agriculture is preparing a \$30-million project to provide advice and services to farmers, and also is expanding and improving irrigation networks because northern Oman gets little rainfall. The plan is intended to create a surplus of food, which

could be exported to other nations in the Gulf.

Another traditional activity, fishing, will also get an \$18-million boost from the five-year plan. While the state derives a healthy profit from the concession awarded in 1976 to a Japanese consortium for the territorial waters between Masirah and Kuria Muria islands, it is eager to encourage the local industry by helping to modernize the fishing fleet and provide cold storage facilities.

On a larger scale, the mining of mineral resources is now becoming economically feasible. In ancient times, Oman was known as the "land of copper." A joint Saudi-Omani copper plant is under construction at Sohar, 200 kilometers from the capital, Muscat, and will begin production in 1982 with an

expected capacity of 20,000 metric tons.

The plant will cost \$150 million, of which \$100 million has been provided by the Saudi Development Fund. Kuwait is also involved in a project with the Oman Cement Co., and work will begin shortly on a 624,000-ton-a-year plant.

Tourism can be expected to grow rapidly in the coming years as the Gulf opens up to cheaper flights from Europe and elsewhere.

However, as in many of the Gulf states, the real development of tourism will depend to a large extent on the relaxation of stringent immigration and visa controls, which in turn depends on a greater government confidence in the stability of the region.

— KEN WHITTINGHAM

## SAUDI ARABIA: Resources Lift It Into Key Role

**SAUDI ARABIA** is the most important member of the Gulf Cooperation Council, and is likely to play a crucial role in how it develops.

With a population officially put at about 8 million, including up to 2 million expatriates, it has the human resources that the other five council members lack. It also has the world's largest proven oil reserves. It will take nearly half a century at present output levels to use the oil that is known to exist.

The kingdom has acquired its international significance from its role as the world's biggest oil exporter, the provider of a major proportion of non-Communist countries' energy. About 10 percent of the United States' needs are met by Saudi oil; many Western European countries are even more heavily dependent, while some developing states rely completely on Saudi crude.

### Political Role

The kingdom has also inherited a key political role because of the presence of Mecca and other Muslim holy places. More than 1 million Moslems from all over the world travel to the kingdom annually to participate in the Hajj (pilgrimage). The Saudis are deeply conscious of the responsibilities, as well as the privileges, conferred on them by being the guardians of Mohammed's birthplace.

Of these factors, the rate of oil production is subject to government control. Even this is heavily influenced by history. The former shareholders in newly

nationalized Aramco — Exxon, Mobil, Shell and Texaco — kept Saudi oil production high and prices low. This led to the West's becoming heavily dependent on Saudi crude.

The Saudi government recognizes that one of the most certain effects of cutting production to suit the kingdom's domestic needs rather than market demand would be an intensification of the present slump in the West.

There are other reasons for the kingdom's high production policy. Most of its surpluses are invested in Western capital markets. Rapid inflation will erode the real value of its assets, which the kingdom plans to use when oil is exhausted. By keeping its crude price low and production at high levels, the kingdom is making a contribution to price stability in the West.

### Other Sources

Fears that high prices will speed the development of alternative energy sources is another factor that has been recently cited by the Saudi oil minister, Sheikh Ahmed Zaki Yamani.

The kingdom's sense of insecurity is also a factor. By helping to keep crude-oil prices down, the kingdom's policy-makers appear to be trying to win deeper commitments from the West, particularly the United States, to regional security.

This insecurity has a number of causes. Saudi Arabia is a relatively new country, united by force in the first quarter of the 20th century. It was, until recently, very poor and dominated by tribalism. The growth of Arab nationalism and the failure to resolve the Palestinian issue did nothing to increase the Saudi royal family's sense of security. Despite its firm sup-

port of Palestinian rights, the rulers do not like radical nationalism and fear the infiltration of Communist ideas.

The Iranian revolution, followed by the occupation of the Grand Mosque in Mecca by a band of religious students and disaffected tribesmen from central Saudi Arabia, appeared to confirm the worst fears. The shock of the siege appears to have been a watershed in modern Saudi history, forcing the government to examine the very basis of the development path it had traced out. The result was a reaffirmation of the policy of rapid modernization, but with a new program to ensure that the benefits of development are spread evenly among the Saudi people.

### 5-Year Plan

The change in emphasis can be detected in the objectives of the \$233-billion five-year plan that started in May, 1980. Record government spending is called for, but more is being devoted to education, health and other social services and human resource programs. Development is being decentralized, and the regions will benefit more from the infrastructural projects that have so far been concentrated in the three main centers of Jidda, Riyadh and the Dammam-Al Khubar-Dhahran industrial conurbation.

The kingdom will also take major steps toward reducing its dependence on oil exports. Petrochemical complexes are to be built in two new industrial cities — Jubail on the Gulf and Yanbu on the Red Sea. They will be linked by new trans-peninsular gas and oil pipelines, which will allow oil exports to avoid the possible hazards of the Gulf route.

Saudi Arabia is spending 28 percent of its 1981-82 budget on military projects —

mostly on new military cities, such as at Tabuk in the northwest, Khamis Mushayt in the southwest, Hafir al-Batin close to the Iraqi border and a fourth to be built close to the oil fields.

A growing proportion of the budget will be spent on hardware, however. Sixty-two McDonnell-Douglas F-15s are to be delivered, and the kingdom is in the market for a range of other advanced weapons systems.

European suppliers should get a bigger share of Saudi weapons orders. Its biggest traditional supplier, the United States, is unwilling to provide everything the kingdom wants without going through public and, to the Saudis, embarrassing examinations of the kingdom's strengths and weaknesses. The controversy in the United States about Saudi Arabia's request for Advanced Warning and Control Systems (AWACS) aircraft is the latest example of what some Saudis see as the United States' lack of a basic commitment to the kingdom.

U.S. Congressional opposition to the AWACS sale in itself might have been considered unimportant compared to 50 years of commercial and political links between the two countries. But it follows former President Jimmy Carter's veto just before the presidential elections of an F-15 purchase. Together, they continue to aggravate deep Saudi unhappiness about the progress of U.S.-sponsored talks between Egypt and Israel. Crown Prince Fahd's rhetorical call last summer for a jihad (holy war) against Israel was a measure of how strongly the Saudi leadership feels about this issue.

— EDMUND O'SULLIVAN





# THE UNITED ARAB EMIRATES

## AN INTRODUCTION

The United Arab Emirates, a federation of what used to be the Trucial States, achieved independence at the end of 1971, coinciding with the completion of British evacuation from the Arabian Gulf. Comprising Abu Dhabi, Dubai, Sharjah, Fujairah, Ajman and Umm al Qaiwain at inde-

duced by around half a million barrels a day. At the same time, huge and expensive schemes have been inaugurated to collect the associated gas from Abu Dhabi's and Dubai's oilfields, which was previously wasted. With the last major scheme, for Abu Dhabi's onshore fields, which

ment of the country's women to play a greater role in economic and social life. Within the constraints necessarily imposed by custom and culture, the women of the United Arab Emirates have been able to avail themselves of a wide range of facilities, including adult literacy programmes,

and handicraft and hygiene courses, while the younger generation are now benefiting from the existence of compulsory education up to university level. The first few hundred home-grown female graduates have just completed their studies. Roughly half of the UAE's citizens are women, and they are now coming slowly to play a more active part in commerce and government, yet without losing their traditional customs and values.

For all the efforts that the government has expended in helping the people of the UAE to adjust to the dramatic changes in their life-style, however, another factor underlies and underpins those efforts - the devoutly held faith of Islam. The religion of the people of the UAE since the latter years of the Prophet Mohammed, it retains a vitality and strength that has given the people the confidence to tackle and cope with the changes around them. It remains an inspiration to the highest and the lowest in the land, permeating virtually every aspect of life, from the UAE's generous foreign aid policy to the provision of social services and the harnessing of the country's potential for the benefit of future generations. It is, indeed, the cement that has enabled the still - young edifice of the United Arab Emirates to survive and grow stronger. In the future, it will play a similar role in cementing together the new edifices of the Gulf Co-Operation Council.



The modern city of Dubai and its creek



Greenery in the desert - one of Abu Dhabi's thriving parks

pendence, the federation was joined a couple of months later by the seventh Trucial State, Ras al Khaimah, thus taking on the shape that has characterised it over the past decade.

The UAE is now best known internationally as a major oil producer, with daily production running at about 1.4 million barrels a day after a series of cutbacks culminating in one of 175,000 barrels per day after May's meeting of the Organisation of Petroleum Exporting Countries. The wealth from oil has enabled the country to embark upon a dramatic development programme, that, during the past ten years, has seen it almost totally transformed. In common with many of its near neighbours in the Gulf, now joined with it in the Arab Gulf Co-Operation Council, the UAE achieved its independence against a background of underdevelopment and poverty. Schooling was limited, health services, particularly in the remote desert and mountain regions virtually non-existent, internal communications lacking, and industry totally absent. Over the past ten years, however, the country has been able to shake off the heritage of poverty and neglect that had characterised the previous century and a half. With the availability of its petroleum revenues, the country has been able to construct an impressive range of social services, now crowned by its own University, graduating its first class this year, and modern hospitals with equipment that matches similar institutions in the developed and industrialised world. The country is now well supplied with ports, like those of Mina Zayed in Abu Dhabi and Mina Rashid and Mina Jebel Ali in Dubai, while communications with the rest of the world are guaranteed both by the UAE's four international airports, in Abu Dhabi, Dubai, Sharjah and Ras al Khaimah, and by a sophisticated telephone and telex system linked by three satellite ground stations to the rest of the globe. Internally, the road construction programme has meant that now even the remotest mountain settlement is within easy reach of modern facilities.

Another part of government policy has been the determination to diversify the country's sources of income away from the oil and gas sector. Whereas ten years ago, there was virtually no industry of any kind, the UAE is now self-sufficient, with an exportable surplus, in cement, has a major aluminium plant in Dubai's industrial zone of Jebel Ali, exporting to the rest of the Gulf and the world, and a whole host of other industrial ventures, ranging from fertilisers to ship-yards, steel fabricators to fodder plants, and plastic pipe plants to offshore drilling contractors. At the same time, there has been substantial development not only in social services and in industrial diversification, but also in the field of the protection and stimulation of the country's traditions, culture and heritage. The changes that have been brought by the economic boom of the past decade have, inevitably, altered the face of the country. The population has risen from less than two hundred thousand to just over one million at the time of the December 1980 census. The traditional occupations of fishing and simple agriculture now only occupy a significant section of the population in the remoter areas, since the major cities and towns provide employment of a vastly different kind. From almost self-sufficient desert communities, the inhabitants of the UAE have been obliged to adapt to being part of a country that is intimately connected with the rest of the regional and international economy.

Such changes have meant that the lifestyle of the people has been dramatically changed, and it has been a major concern of the Government to ensure that the new economic circumstances have not led to social dislocation. One method adopted has been the stemming of population drift to the towns by building new villages in the desert. Specially designed for the present nomadic population of the country, these villages have been built at the instructions of President Sheikh Zayed, in accordance with his belief that the benefits of modern civilisation should be taken to the nomadic people, rather than forcing them to come into the towns to obtain them.

The policy has meant not only that the traditional ways of life in the remote desert and mountain regions have been able to change at a more easily absorbable rate, but also that those who have moved to the towns have been able to retain a foothold, and a base, in the land from which they sprang. A major programme of developing small farms, with government assistance, has aided this process, as has the extension of educational and health facilities in the rural areas.

Another aspect of government policy has been its encourage-

## ARAB GULF CO-OPERATION COUNCIL (A.G.C.C.)



The Heads of State of the six members of the Arab Gulf Co-operation Council at their founding meeting in Abu Dhabi in May

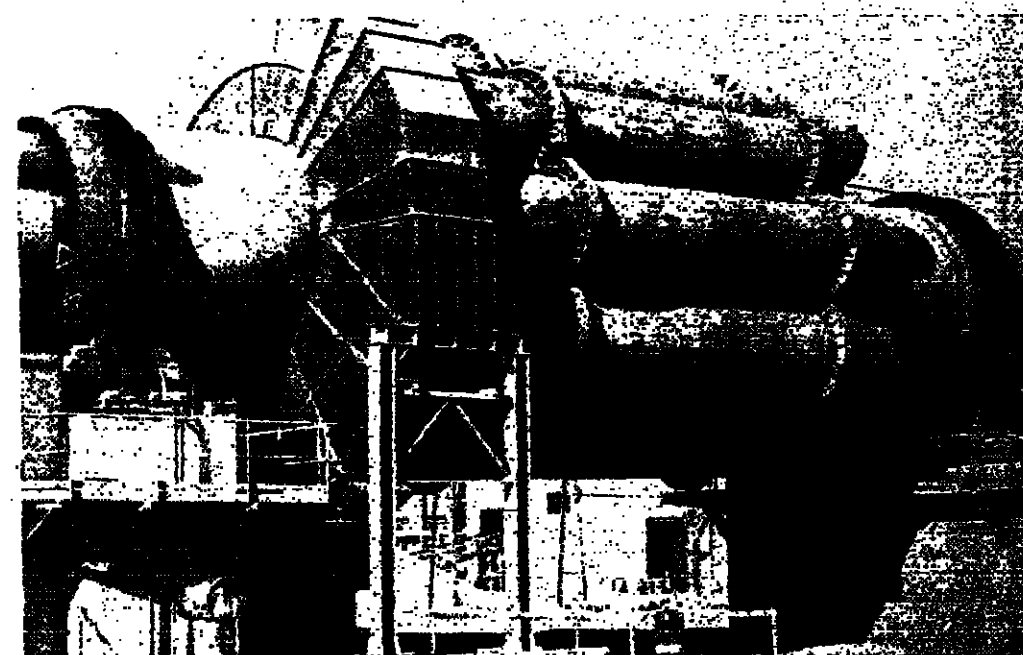
During the last week in May, the leaders of the six Arab Gulf States, the United Arab Emirates, Kuwait, Saudi Arabia, Bahrain, Qatar and Oman, met in Abu Dhabi to agree on the establishment of the Arab Gulf Co-operation Council, (A.G.C.C.). The two-day Conference, which attracted considerable international attention, saw the leaders endorse the proposal from their Foreign Ministers relating to the Council's establishment, and also elected the council's first Secretary General, Abdullah Bishara of Kuwait. After the Conference had closed, the President of the United Arab Emirates, and conference host, Sheikh Zayed Bin Sultan Al Nahyan, spoke to the foreign and local press, in a wide-ranging review of local and international issues, as well as on the outcome of the Summit itself. The President, as reported by the Emirates News Agency (W.A.M.), spelt out several key factors of the Summit meeting. First of all, however, he took the opportunity to stress that there were no basic differences in objectives between the six states comprising the Council. It is only natural that viewpoints should differ, Sheikh Zayed said. As long as the goal is the same, however, we feel that there is no harm in any differences in viewpoints between Council Members. These are healthy, as long as we aim at a sincere and real co-operation. What is true is that differences could be harmful if they stemmed from viewpoints that were not themselves in the service of (building) co-operation. Fortunately, however, all the viewpoints expressed at the Summit stem from an acceptance and understanding of the common interests that link us all. There was unanimous agreement amongst the Members of the Council on the need to strengthen

our existing co-operation and links in the fields of security, economics and on other issues. We have also unanimously agreed that we all would support any Member Country that may face problems of any kind. President Sheikh Zayed, in a reference to the Summit's Communique, which rejected the presence of foreign bases in the Gulf Region, stressed that this was something that had met with the agreement of all States. The Gulf Supreme Council (the Six Leaders) has agreed that our countries need no protection from abroad. They can protect themselves... They are in no need of foreign protection. The preservation of Gulf security, the President stressed, was a matter that could be handled by solidarity amongst themselves (the six A.G.C.C. Members), and with help and solidarity from other Arab countries, since we are all part of the same Arab Nation. The Gulf Six have no enemy of whom they should be afraid, Sheikh Zayed added, and do not seek the enmity of any power or any country, large or small. At the early stages of its establishment, it is natural that the Member Countries of the Council will be obliged to study the actual mechanics of strengthening co-operation between themselves. Some such co-operation already exists, at the level of Inter-Ministerial Committees, covering such portfolios as Information, Education, Health, Youth, Labour, Finance and Industry, and considerable achievements have already been made in translating the work of these committees into practical results. The Gulf University, the Gulf News Agency, the Gulf Organisation for Industrial Consultancy and common programmes on malaria prevention and the prevention of

maritime pollution are but a few of the already visible results. The holding of the Summit, however, and the formal establishment of the A.G.C.C. has given a new impetus to the existing bodies, since there is now a formal endorsement from the Heads of State of the six countries for the development of common policies, programmes and institutions across a broad range of subjects. This endorsement was spelt out by Sheikh Zayed in his press conference. Our co-operation is all-inclusive... It includes all aspects, economic and social, as well as military and security. He also dealt with the existence of border disputes between some of the Council's member countries, saying that these could now be easily solved. The Gulf countries have now entered a new phase of developing and crystallizing their co-operation. What then is the value of a few kilometers here and a few kilometers there? We have reached agreement (at the Summit) on many important matters. Do you honestly believe that we will not be able to sort out this question? The President stressed, however, that there was no question of the United Arab Emirates abandoning its demand for the return of the three islands, Abu Musa and Greater and Lesser Tumb, which were seized by the former Shah of Iran at the end of 1971. The islands lie near the mouth of the Arabian Gulf, and were previously part of the Emirates of Sharjah and Ras Al Khaimah, both members of the UAE. These islands are ours, and our property, the President said. The property of the Arab Nation and of the United Arab Emirates. They belong to us, and we will never abandon them. We will seek, however, to gain

restoration by brotherly and friendly means, he added. Sheikh Zayed also commented on the present Iraq - Iran war, now nearly nine months old. We (the member countries of the Arab Gulf Co-operation Council) are sad and hurt because of this war, the President said. It is of special significance for us, because Iraq is a brotherly Arab country, and Iran is a fellow Muslim country. Both are also our neighbours. We are glad when we can see these two countries once again close together. Some foreign observers initially suggested that the formation of the Council meant that the Arab States of the Gulf were embarked on a course to separate themselves from the rest of the Arab World, despite their continued membership of the Arab League. During his press conference, however, both through his reference to broader Arab issues, and by addressing himself to this particular subject, Sheikh Zayed stressed that the Council should be seen not as a replacement for the Arab League on a regional level, but rather as a local component contributing to the overall objective of broader Arab unity. The Council, he said, is a milestone, a step aimed at providing support for the Arab Nation as a whole. By establishing the Arab Gulf Co-operation Council, we are not in any way indicating an intention of staying far away from any Arab country, or to sever our brotherly relations with other Arab countries. Any other (Arab) countries which are in a position similar to ourselves such as those of North Africa, should come together to form their own co-operation councils. Our intention is not to weaken the Arab League, but to strengthen it, and all of its constituent bodies. At the same time we call on our brother Arab countries also to cooperate and to work closely together, because we believe that this is the only way to restore our legitimate rights. He went on to stress the concern of the Gulf countries with the situation in Lebanon and an occupied Arab land in Palestine. We believe that what is happening in Lebanon and Palestine affects the whole of the Arab Nation, he said. Our fate is the same and our destiny is one. What has happened in these two countries, and what is now happening, affects us all. We will spare no efforts on our part that may help to protect the Arab Nation as a whole, and any individual Arab country. He also called on the United States Government to put pressure on the Israeli Government, to change its policies of aggression and expansionism. He conceded, however, that he was not over-optimistic of his call finding a responsive audience in Washington, even though he believed it to be in the interests of the United States itself. If the United States does not respond to my call now, it will not be the first time (that it has failed to do so), Sheikh Zayed said.

What we, the Arabs, want from the United States, as a matter of principle, is not that she should side with the Arabs. Rather, we want her to be even-handed, even if this even-handedness may on occasion hurt us a bit. Our objective is justice, which is in the interests of the world as a whole, and in the interests of the United States itself. From Sheikh Zayed's comments, it is therefore evident that the Member States of the Arab Gulf Co-operation Council do not see their new Council as an institution through which they can turn their backs on regional or international affairs. The situation is, in fact, the contrary. The Six States will henceforth be working towards the formulation of a common and single voice on issues such as Lebanon and Palestine, and on other Arab causes. With such a single voice, the Six can ensure that their opinions will carry an international weight that might not be accorded to them on an individual basis. The key objective of the Council, however, as outlined by the President of the United Arab Emirates, is to move towards greater co-operation in all fields. Already, in the month that has passed since the council was established formally, several steps have been taken to get the process of expanding co-operation under way. The Finance Ministers of the Six met in Saudi Arabia during the early part of June, to consider ways of harmonising economic development plans, and proposals including the abolition of all tariff barriers are expected to be put before the meeting of the Council's Foreign Ministers in Bahrain in the autumn, and then to the next Heads of State meeting at the end of the year. The Secretary General, Abdullah Bishara, who completed a tour of Member States at the end of June, is now engaged in the establishment of the Secretariat in Riyadh. The signs are that the commitment to the principles of co-operation enunciated by Sheikh Zayed at the end of the Council's founding summit will be now rapidly put into effect.



A cement plant in the Emirates - part of a growing industrial sector



# GULF STATES

## BAHRAIN: A Services Center

By Ralph Izzard

THE FOUNDING of the Khalifa dynasty in Bahrain 200 years ago — the present emir is the 10th in direct succession — has been a period of stability after a long period of anarchy when possession was disputed by Persia and Oman.

An island, protected by the British Navy under treaties dating from 1820, Bahrain has grown quietly to maturity, aloof from the tribal wars that ravaged the Arab mainland until well into the present century.

Today, Bahrain's ambition is to be recognized as the Switzerland of the Gulf, strictly neutral and on friendly terms with all neighbors. This policy was somewhat jolted by the late shah of Iran, Mohammed Reza Pahlavi, who persisted in his claim of Iranian sovereignty until 1970, when a UN commission investigated and reported that Bahrain overwhelmingly wished to remain independent. The shah accepted the verdict.

In the circumstances, however, it was natural that Bahrain should seek friends among the Arab-Gulf states, and Kuwait, Abu Dhabi and Saudi Arabia have all responded warmly. All have provided generous loans and direct grants and have taken substantial stakes in Bahrain's budding industries. Ties with Saudi Arabia are particularly close — the Khalifa ancestors originally came from the kingdom's Najd province.

For decades, the Saudis have provided by pipeline four-fifths of the crude oil required by Bahrain's 250,000-barrel-a-day refinery. This has to be paid for, but the Saudis donate 50 percent of the income from the offshore field they work in the north of Bahrain to the Bahraini government.

Recent decades have seen considerable external and internal pressures. The rise of Gamal Abdel Nasser in Egypt with his special brand of Arab nationalism supported by radio broadcasts, and the creation of a Cairo-based office for the Popular Front for the Liberation of Bahrain at first made considerable impact. Targets were the British presence, poor working conditions and too

little popular representation in the government.

There was serious rioting in Bahrain in 1956 at the time of Suez and again in 1965, but by that time Nasser's image was fading and his influence was limited by his defeat in the Six Day War in 1967. In 1970, there were strikes and demonstrations against high prices, unemployment and poor labor conditions.

The storm was weathered by a government that was confident that time would not run out for its programs. With the departure of the British in 1971 and an abundant oil income starting in 1974, the two main causes of complaint were removed.

A big question now is whether to follow Kuwait's example and reconvene the national assembly, which was suspended in 1975. Political parties are banned in Bahrain. The government is reported as now being willing to allow a spreading of responsibilities, but with controls to ensure that any future assembly should be primarily a consultative body rather than one that would exercise a popular role.

Bahrain's ministers, who make up the most experienced team of economic planners in the Gulf states, pride themselves on their flexibility to meet any situation. Oil was discovered 50 years ago, and the fact that it was then in small quantity compelled careful consideration of spending.

Riches came only after the energy crisis of 1973 brought a fourfold increase in the price of oil. Budgets today are reckoned in hundreds of millions of dollars. In 1967, revenues from all sources, including oil, which has remained the backbone of the economy, totaled only \$27 million. Looking back, it is impressive to see what the planners did with the available money. Free education and health services were introduced, electricity and controlled water supplies installed, and a modern township built to rehouse 35,000 lower-income people.

In an ambitious scheme to create employ-

ment, the Bahrain Aluminium Co.'s smelter was started up in 1971. It is now producing 120,000 metric tons annually and is being expanded.

With Bahrain's new wealth — although it is far less than that of its Arab neighbors — planners in the late 1970s emphasized making the country the services center of the Gulf, and improving the quality of life. A road network was built, the airport modernized so that it is now probably the busiest and most efficient in the Middle East, and the port expanded to provide full container-handling facilities. The adjacent free-zone for offshore industries was extended.

Two important ventures did much to assure Bahrain's dominance of Gulf services. The Organization of Arab Petroleum Exporting Countries chose Bahrain as the site for its second downstream venture, the Arab Shipbuilding and Repair Yard, centered around a dock to carry super tankers. And the Bahrain Monetary Agency created a successful offshore banking center. At the end of 1980, the 38 offshore banks then operating reported assets of \$37.3 billion with a total of \$191 million, and local expenditures of \$108 million.

**Inflation**

Planners are now faced with the likelihood of inflation and an overheated economy, because nearly \$3 billion worth of projects are planned, many to be launched this year.

They include the 25-kilometer causeway to Saudi Arabia, for which the Saudis are paying the entire cost of \$750 million but which will bring important spin-off construction work to Bahrain; the Gulf Petrochemical Co.'s \$400-million plant for the production of ammonia and methanol, in which Saudi Arabia and Kuwait are partners with Bahrain; the Arab Iron and Steel Co.'s \$300-million plant to make iron pellets, in which the Bahrain government is a partner with private interests in Kuwait, Iraq and Jordan; and the \$100-million Gulf

Aluminum Rolling Mill, supported by Bahrain, Saudi Arabia, Kuwait, Iraq, Qatar and Oman.

To these projects must be added a new 400-kilowatt power station, a new government-built town for 74,000 on the west coast and a new Gulf university that will require accommodations for 14,000 people.

The projects will undoubtedly bring relief for Bahrain's half-filled hotels and comfort to two major hotels, the Diplomat and the Sheraton, which have yet to open, for they will meet the short-term requirements of contractors and consultants. But there will certainly be tremendous demand for office space and residential accommodations, and there are signs that such properties are being withdrawn from the market in the expectation of higher rents.

**Foreign Labor**

The major problem, however, is the labor force. Efforts have been made in recent years to encourage the employment of Bahrainis. Bahrainis now make up 85 percent of cable and wireless employees, and Gulf Air has 52 percent Arab employees. Bahrainis form 55 percent of the 1,428 employed by the offshore banking units. In industry, the Bahrain National Oil Co., because of its long history, employs more than 50 percent Bahrainis. But many of the 2,500 teen-agers who finish school each year eschew manual labor and head for business and commerce. If the ambitious projects are to be completed, the only solution is to admit more foreign workers.

Just-published census figures show that foreign workers already number 116,261, or about one-third of the population of 358,857. Only last year, semi-official estimates had put the number of foreigners at about 70,000. Another large influx, apart from its impact on social patterns, will further strain public services and utilities and further congest the poorer quarters of the towns.

## U.A.E.: Growth via Federation

Special to the IHT

THE UNITED ARAB EMIRATES was formed in December, 1971, when Britain withdrew. It was initially composed of six of the former Trucial States, Abu Dhabi, Dubai, Sharjah, Fujairah, Ajman and Umm al-Qaiwain; the seventh, Ras al-Khaima, joined a few months later.

There were significant differences among the emirates in area, wealth, population and resources, as well as in political and social development.

Abu Dhabi was already a major oil producer, with exports of more than 1 million barrels a day, while Dubai had discovered its offshore Fateh field in 1969. None of the other emirates had discovered oil in commercial quantities. Nearly a decade later, only Sharjah has joined Abu Dhabi and Dubai as an oil producer. At least three-quarters of the population is in Abu Dhabi and Dubai, with the latter's position enhanced by its tradition as a commercial center for the lower Gulf.

**Visible Differences**

The differences in the nature of the emirates are plainly visible. It was no surprise, therefore, that when the federation's provisional constitution was unveiled it gave few powers other than foreign affairs and education to the center. It was so loose as to be more confederal than federal.

The last few years have shown, however, that the rulers of the emirates have been willing to differing extents, to yield far more of their powers to the federal government than they were forced to under the constitution. These include health, police, justice, information, immigration, public works including water and electricity, housing and agriculture. Within the last year, a central bank has begun work, and Abu Dhabi and Dubai have placed half of their oil revenues at the disposal of the federation. The United Arab Emirates has thus truly become a federation.

The process of strengthening the central government has not been without incident. There have been problems over the integration of the armed forces. The formation of the present Cabinet, headed by Vice President Sheikh Rashid bin Said al-Maktoum, the Dubai ruler, took three months in 1979, while agreement on the establishment of the central bank took three years. There is still disagreement on the extent to which economic planning should be federal.

The economy remains, of course, dominated by oil revenues. Abu Dhabi, after substantial cutbacks since 1978, is producing

about 1.3 million barrels a day, with Dubai adding 350,000. In Sharjah, production from the offshore Mubarak field is down to about 10,000 barrels a day but an important new offshore field should raise production to around 80,000 barrels a day by the end of 1983. At the same time the years since independence have seen the creation of the country's infrastructure, even in the poorer emirates, and a diversification of the economy.

One area of development has been in fields associated with petroleum. The country's first small-scale oil refinery at Umm al-Nar, near Abu Dhabi, has been on stream for five years, and is to be expanded to a capacity of 80,000 barrels a day by 1983. A 120,000-barrel-a-day refinery, at Abu Dhabi's industrial city of Ruwais, comes on stream later this year.

Natural gas from Dubai's offshore fields is now harnessed through the DUGAS liquefaction plant, while the bulk of the output from Abu Dhabi's offshore fields is liquefied at a plant on Das Island. Japan imports most of the production. Other downstream plants yet to be built include a fertilizer factory and petrochemical plants.

There has also been a buildup of industry outside the oil economy, which is seen as preparation for the day, at least 50 years hence, when the oil runs out. In Dubai, the Jebel Ali industrial zone in-

cludes not only the DUGAS plant, but also an aluminum smelter, DUBAL, which should reach peak production of 135,000 metric tons a year by the end of 1981. The construction boom, most visible in Abu Dhabi, Dubai and Sharjah, has spawned six cement plants, which will within the next year provide an export surplus of more than 1 million tons a year, most destined for Kuwait and Saudi Arabia.

Oil revenues, the increase in the U.A.E.'s share in regional trade, and internal development in industry, infrastructure, construction and other fields have led to a substantial rise in gross national product. The latest World Bank figures place the country just behind Qatar and Kuwait in terms of per capita income, with a total of more than \$15,000, while the oil price increases of 1979 and 1980 have further raised that figure.

The growth of the last decade — which has more than matched a population increase from about 1 million at the end of 1968 — caused a liquidity crisis between 1977 and 1979, due in part to the lack of proper financial management by some of the smaller banks.

At the same time, there has been a lack of economic planning on a national scale. There are now signs, however, that the strengthening of political unity is being reflected in the economic sphere.

## Logical Path of Unity

(Continued from Page 7S)

witnessed an economic miracle. States that had no control over their oil and had only primitive local industries such as fishing and pearl diving are now sophisticated centers of financial, commercial and industrial operations, increasingly controlled by highly educated nationals.

These achievements are more important to the people of the region, in that they represent a future long after the oil wells run dry, than supplying the world oil markets. After all, they say, there is not much threat to the oil fields. The world needs oil, so who is going to risk destroying the wells?

The Gulf states continue to supply oil to their customers on a commercial basis backed by mutual interests, not because of moral obligations or friendship. Friendship, they contend, can exist only when the West shows more concern with the problems that continue to threaten the region.

As the Gulf states industrialize, they are concerned with the creation of new markets and new forms of cooperation on a global scale. The Gulf states are a part of the Arab world and they feel a commitment to resolving the Palestinian problem. This political commitment has an economic edge: The Gulf states are spending vast sums for the defense of the Arab world that would be better spent on making the Middle East self-sufficient in food. This is the aim of the recently created special fund for an Arab decade of development sponsored by the Arab League and financed by the oil-producing states.

In return for moderation in oil prices — despite a glut in world markets, Saudi Arabia could create a shortfall by cutting production without affecting its domestic financial plans — the Gulf states are looking to the Western world for a change in attitude, both on the Palestinian question and on creating a new economic order.

## QATAR: A Cautious Approach Is Paying Dividends

THE PEOPLE of Qatar are conservative in their thinking and way of life, and this has been reflected in the policy followed by the ruler, Sheikh Khalifa bin Hamad al-Thani, in promoting his country's development.

Qatar is a 6,000-square-kilometer peninsula of 4,000 square miles, including a number of islands such as Halul, the storage and export terminal for Qatar's offshore oil industry. The population of about 250,000 is gathered mostly in the capital, Doha.

Although Qatar declared independence only in September, 1971, a long-term plan for development had been devised by the present ruler when he was crown prince in the 1960s. From the beginning, it was decided that future prosperity depended on two factors: the exploitation of economic resources, that is, oil, and the development of human resources through education.

**35,000 Pupils**

In 1956, the first state school was opened with 100 boys. Now there are more than 120 schools providing education for more than 35,000 pupils, more than half of them girls. Teacher training, vocational training and university education are also available as the state works to develop its own

work force to control industry and administration.

All of Qatar's development plans have been subjected to long-term planning and detailed research, to eliminate potentially disastrous mistakes. The ruler of Qatar has followed a blueprint of development allowing for modifications but not for major deviations.

Qatar was the first state to renegotiate its oil concessions to reduce the control of the major oil companies, and was also in the forefront of the struggle for the nationalization of oil resources. It was also the first state of the Arab Gulf to pin its economic hopes on heavy industry. A major step in this took place in February, when Sheikh Khalifa inaugurated the Gulf's first natural gas liquefaction and petrochemicals complex at Umm Said, south of Doha.

The planning that has gone into social and economic development also applies at the political level. While decision-making rests largely in the hands of the ruler, he has a declared policy of preparing the ground for a shift of power. Younger men are being brought into government as undersecretaries and directors of departments, and in many cases are playing leading roles in shaping and enacting development plans.

Within three months of assuming power in 1972, Sheikh Khalifa had appointed an Advisory Council, based on the traditional Arabic model of the Shura, that embraced representatives of the leading families. As Qatar is largely a tribal society, this is, in effect, a means of democratic representation until education has had its full effect.

When the Advisory Council was established, its role was little more than to comment, on behalf of the people, on new legislation. Each year its powers have been expanded. It has become a watchdog organization able to question ministers and even to initiate legislation. There are plans for the council to become a freely elected body, rather than an appointed one, but as with all things in Qatar, the right moment will be carefully chosen.

**Foreign Relations**

The step-by-step approach has also served Qatar well in its foreign relations. The summit meeting in Abu Dhabi to confirm Gulf cooperation was a success for Qatar's ruler, who has been a prime mover of the initiative.

In bilateral relations, Qatar has been careful to link economic assistance with political friendship. Thus most of Qatar's major industrial projects are carried out in partnership with foreign national companies. In the petrochemical venture, for example, the policy involves Qatar's investing capital in the industry in France while acquiring expertise and technology.

At present rates of oil production, 500,000 barrels a day, Qatar's reserves will last about 30 years. The natural gas associated with oil, once burned off, now provides raw materials and energy for industry. And Qatar's North West Dome non-associated gas field is estimated by foreign experts to be one of the largest in the world. At a recent energy symposium in Doha, U.S. experts predicted that the state could derive income from gas for 500 years.

No steps have been taken to de-

velop the gas field, although consultations are proceeding. Tenders for a \$4-billion liquefied natural gas plant are likely to go out in September, but Qatar Petroleum Corp., the holding company for all oil and gas-related industries, is prepared to wait for the right terms.

Qatar is now a producer of iron and steel, chemical and organic fertilizers, cement and petrochemicals, as well as being reasonably well-supplied with electricity and desalinated water for industrial and domestic use. Now there are plans for horizontal expansion through light manufacturing projects to be capitalized not by the state alone but by private enterprise.

The government has provided considerable incentives for would-be industrialists. The returns on such investments, government experts say, are potentially higher than those from trade, and local production can reduce imports and thus fight inflation.

Through the Doha-based Gulf Organization for Industrial Consultation, feasibility studies are being prepared on a number of projects, with the aim of ensuring that there is a Gulf-wide market for products rather than a duplication of small industries in neighboring states. It is expected that by the end of the year there could be 40 projects, with a maximum capital of about \$62,500 each, operating in the country, according to the Chamber of Commerce.

**Local Manpower**

The new industries can use local manpower trained at the Regional Vocational Training Center, also based in Qatar, which provides courses in manufacturing skills up to the standards of the internationally recognized City and Guilds Certificates. The government wants the small industries to use local manpower rather than to import workers.

There is also an intensive effort to expand Qatar's agricultural base. Growing food in the desert requires abundant water and ferti-

## KUWAIT: A More Active Foreign Policy

By Shakib Otaqui

AFTER 20 years of trying to keep a low profile and enjoy its oil wealth in private, Kuwait has emerged as a leading force in the Gulf and the larger Arab world.

The \$2-billion loan Kuwait granted to Iraq in April is the latest manifestation of the activist foreign policy that it has begun in the 1980s.

Kuwait has been a leading spirit behind the recently formed Gulf Cooperation Council. It has also backed the expansion of the council — which is seen as an alternative to the U.S. proposal for a Rapid Deployment Force — to cover political and military cooperation.

Kuwait has been the most critical among the Gulf states of U.S. policy in the region. It has deplored the Reagan administration's emphasis on the Soviet threat to the area, which it has described as remote. Like most Arab states, Kuwait sees the Arab-Israeli dispute as a much more serious threat.

**Russia Assailed**

On the other hand, Kuwait has joined other Islamic countries in condemning the Soviet intervention in Afghanistan, although it has been more willing than its neighbors to maintain an even-handed relationship with the superpowers. It is the only Gulf state to have diplomatic relations with the Soviet Union, and it has a variety of Soviet surface-to-air missiles.

In fact, the Gulf war has led to

an increase in Kuwait's military budget, which reached \$1 billion in the current fiscal year. The government recently approved the spending of an additional \$1.8 billion in the next seven years for aircraft, anti-aircraft weapons, tanks and naval equipment. Kuwait is selective in its choice of suppliers: It operates U.S. and French aircraft, British tanks, and U.S. and Soviet missiles. It recently ordered a number of fast-attack craft for the navy from West Germany.

The Iranian-Iraqi war may, in fact, end a long-standing claim to Kuwait's security: the Gulf's Iraq over much of Kuwait's territory. Negotiations are under way, and Iraq is likely to abandon its claims in exchange for Kuwaiti support. Apart from the interest-free \$2-billion loan, this has largely come about through the opening of ports to Iraqi cargo.

Kuwait's press, which is sensitive to government policy, has recently taken a much more pro-Iraqi line in covering the war, reporting Iraq's successes virtually without question, as it did at the outbreak. The more even-handed coverage adopted after Iran's air raids on Abdali on the Kuwaiti-Iraqi border has been abandoned.

Kuwait's increasing self-confidence is particularly exemplified in its willingness to incur Saudi Arabia's displeasure on a number of issues. It has, for example, become a leading hard-liner in the Organization of Petroleum Exporting Countries, attempting — without much success — to preserve high

oil prices at a time of glut. It recently announced a further cutback in its oil production ceiling (from 1.5 million barrels a day to 1.25 million), to counter Saudi Arabia's attempt to force prices down by maintaining high production.

Saudi Arabia may have even more serious misgivings about the revival of parliamentary democracy in Kuwait — the only Gulf state with an elected parliament. The emir, Sheikh Jaber al-Ahmad al-Sabah, announced elections in August last year, fulfilling the promise made by his predecessor when he dissolved the National Assembly four years earlier. Gerrymandering ensured the election, in February, of a compliant parliament, less likely to suffer from the biasing and factionalism that led to the dissolution in 1976.

Conservative tribal leaders were the clear winners, with about half the 50 seats. All five radical candidates were defeated. The government was no doubt relieved that the representation of the Shiites, which was reduced, although it must have been concerned by the election of about five Moslem fundamentalists.

**Decrees Approved**

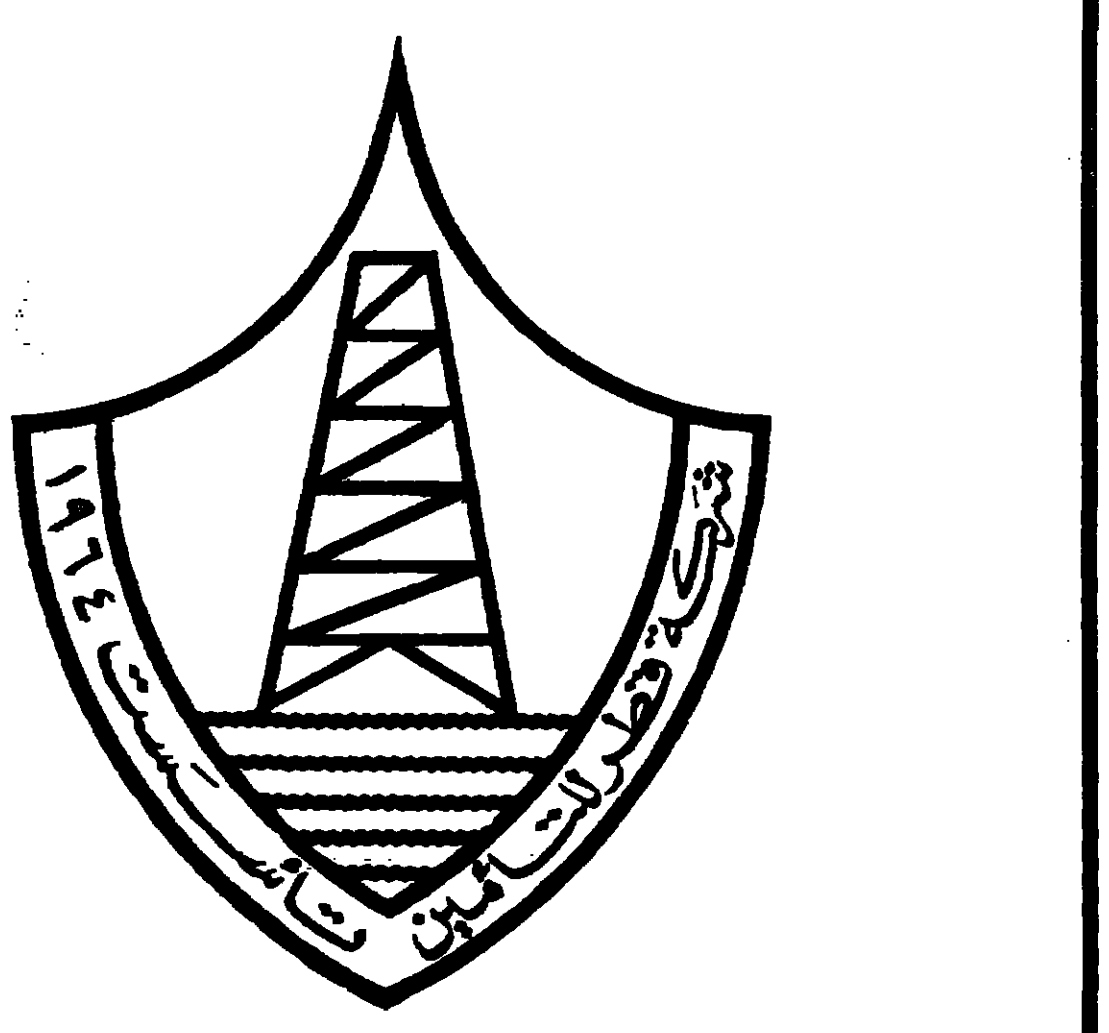
The assembly has so far approved, with minor amendments, the mass of legislation passed by decree in the last four years. In particular, it approved — in a secret session — the loan to Iraq without any evident opposition. Some members have proposed greater accountability for the management of Kuwait's foreign ex-

change reserves, although this is unlikely to disturb the government greatly. More worrisome is the revival of rhetorical excesses during a debate on a strike by oil workers in late April.

The workers were foreigners drawn by the country's oil boom. Kuwait's small population cannot provide enough labor for its ambitious development program, and is in any case unwilling to do the heavy manual work. The result has been an influx of expatriates, mostly Arab but also from the Indian subcontinent and Southeast Asia. This has reduced the proportion of Kuwaiti citizens in the population from 55 percent in 1957 to 41.5 percent of the 1.4 million counted in the 1980 census. The undoubted presence of thousands of factionalists who were not counted makes the problem even more serious.

Immigrants could become a source of domestic insecurity as they increasingly resent being excluded from the prosperity they helped to create. Foreigners may not own property or buy shares on the stock market, and are not eligible for the government housing to which every Kuwaiti is entitled. Naturalization is severely restricted, so that even a stay extending to decades rarely gives permanent security to the foreigner.

While Kuwait remains apprehensive about an unstable Iran and an Iraq with uncertain long-term intentions, the growing community of indispensable foreign workers is probably its most immediate problem.



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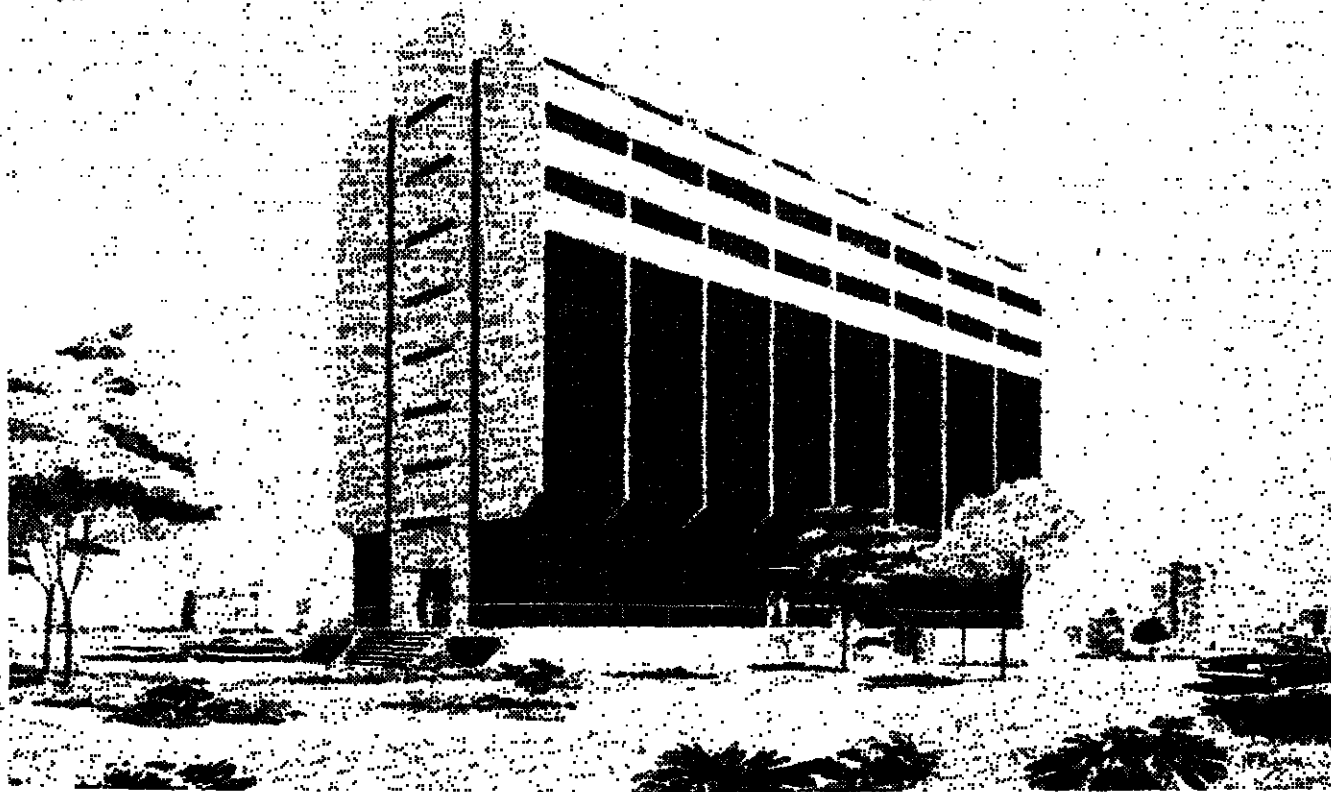
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# JOSEPH ZAPPIA - CREATIVE BUILDER

By Laila Zoubeir



One of Joseph Zappia's latest projects: the headquarters for the Emirates Commercial Bank in Abu Dhabi

In the years immediately following the four-fold oil price increase in 1973-74, few areas in the world saw construction and development on such a scale or at such a pace as the countries of the Arabian peninsula. With a massive increase in their available financial resources, and often still at that time lacking much of the basic infrastructure of modern states, the states of the Gulf embarked on a major programme of growth. Amongst them was the United Arab Emirates.

The country was still then relatively new. Led by President Sheikh Zayed Bin Sultan Al Nahyan, Ruler of Abu Dhabi, and Vice President Sheikh Rashid Bin Said Al Maktoum, Ruler of Dubai, it was independent only since 1971, when the British, who had exerted a semi-colonial form of control for the previous century and a half withdrew from the region. To face the future, Abu Dhabi and Dubai, together with the other



One of seven highway overpasses that were built in record time in Sharjah.

five former 'Trucial States', Sharjah, Ras Al Khaimah, Ajman, Fujairah and Umm Al Qaiwain, had joined together in a federation, but by 1973, they still lacked most of the attributes of a modern state. With the heritage of colonial neglect to overcome, there was suddenly the financial resources available to tackle the task.

By about 1977, however, the pace of growth had become almost too rapid to digest. Inflation, according to official figures, had risen to over thirty per cent, and the Government was obliged to move to bring its over-heated economy under control. One immediate casualty was the construction sector, where the pace of building had outstripped even the most optimistic projections of demand. Many banks had become heavily over-committed in lending to speculative building ventures, and it was, indeed, the collapse of one bank, and the temporary closing of another, that led to the Government's decision to act.

The picture was particularly bad in the Emirate of Sharjah, where oil production, and revenue, had failed to keep pace with initial expectations. The result was a serious slump in the construction sector. Literally dozens of small contracting companies went out of business, often leaving buildings incomplete. The larger and more soundly based companies were forced to resort to desperate price cutting measures, often tendering for projects at cost or below cost, just

to keep a foothold in the market. The situation became fiercely, even destructively competitive. It was a particularly inappropriate time for any newcomer to seek to break into the market.

One foreign company had the vision, the courage and the determination to choose this precise moment to seek to enter the U.A.E. market for the first time, the Montreal, Canada based Zappia Group.

Headed by Quebecer Joseph Zappia, son of an Italian immigrant, the Group was a relatively average builder and developer in Canada until about five years ago, when it sprang into national and international prominence as the builder of the village for the Montreal Olympic Games. The 95 Million Dollar Project, completed in a desperate race against the clock, won for Zappia international acclaim.

The Group first ventured into Sharjah in 1977, winning its first contract for the construction of 7 Overpass Highway Bridges to smooth out bottlenecks in the town's congested traffic flow. This also has been completed in a record time - 28 days for the first bridge and 4 months for the other 6 bridges. This unusual performance has introduced Mr. Zappia into a vital construction area.

Since then it has successfully won, maintained and expanded its foothold in the U.A.E. market. Over half a Billion UAE Dirhams (135 Million U.S. Dollars) worth of work has been completed, or is in the design or construction stages. In the Emirate of Abu Dhabi, base of the Group's major company in the region, Zappia Middle East Construction Ltd., three major contracts have been won from the General Headquarters of the U.A.E.'s Armed Forces. Work is also under way on two buildings, one the prestigious headquarters for the locally-based Emirates Commercial Bank, and on a major computerised stores complex for the Abu Dhabi Municipality. The company has signed a major contract for a Water Distribution Network of 400 kilometers for the inland Oasis of Al Ain. Also, they are constructing the prestigious building of the Chamber of Commerce on the Corniche Corner of the airport road.

In five years the Zappia Group has established a Middle Eastern presence that covers the U.A.E., Saudi Arabia and the Libyan Jamahiriya and has over three thousand employees in the area and about 45 million Dirhams of equipment. Senior Group Officials confidently expect further major contracts to be announced, both within the United Arab Emirates and outside within the near future.

The key to the Group's progress seems to be the charismatic personality of its President and Chief Executive Officer, Joseph Zappia. Educated at Loyola and McGill University prior to taking over control of the company established by his father, Zappia is unusual amongst major figures in Canadian and international construction in that he followed up his degree, in Engineering, with a second Arts Degree in Philosophy, Literature and Music. A trained tenor, he still retains a deep and abiding interest in Music and the Arts.

The breadth of his interests led him to venture into the field of politics in Canada, where he was for a while a leading contender for leadership of the Progressive Conservative Party. The eventual winner of the contest, Joe Clark, went on to become Prime Minister in the next election.

Following the successful completion of the Montreal Olympic Village, however, a powerful and united campaign by elements both within the Canadian Federal Government and within the machinery of his own party escalated to a level where Zappia decided to withdraw gracefully from the political fray. He comments ruefully that the in-fighting of construction companies competing for contracts is but a child's game compared to the battles of politicians.

Zappia has been able, however, to maintain the

respect both of the Canadian Government and that of his home province, Quebec, and although his Group is now expanding fast overseas, especially in the Middle East, it continues to be active at home.

Construction on the scale on which Zappia operates involves a breadth of vision that covers not merely the technical aspects of construction, but also a real appreciation of the world around him, its social and economic pressures, and the demands and objectives of urban dwellers.

"In most of the projects in which he has been involved, there has been something more than money", claims one of his closest associates in Abu Dhabi. "Look at the Montreal Olympic Village - it was more than just a fine housing complex. Because of the purpose for which it was initially built, it involved Canada's prestige in the world. The condominiums in Canada display an appreciation of the need to model a new urban environment in which the need for a social conscience as well as more concrete factors are taken into account. Even the Sharjah flyovers - which was a design, fabrication and erection job - have contributed to a significant improvement in the quality of life there".

One top Canadian Banker once described Joseph Zappia as "perhaps one of the last great individual builders". In an age of corporate facelessness, and of stiff management formalism and bureaucracy, it is not surprising, therefore, that Zappia stands out.

His own technical training has given him the ability to understand the smallest details of engineering and construction, an ability that his employees, from project manager to the humblest brick-layer, have come to respect, and occasionally, to fear. Describing his own business philosophy as "a commitment to excellence, coupled with a belief in undivided candour", Zappia has managed to motivate his own workforce with the same spirit, while the mercenary energy that permits him to work a steady fourteen to sixteen hours a day has helped him to keep that workforce perpetually on their toes, never sure when he will come walking into the design office or driving on to the site.

One feature of the Group that Zappia leads is its flexible organizational structure. It follows a basically conventional hierarchical system, but is designed to be flexible enough for special teams to be created for each project, encouraging involvement by top level management alongside lower level management and the 'in-house' technical staff in the execution of projects. One result of the system has been to permit an attention to detail by top management, including Zappia himself, that has kept them in touch with the day to day problems of project execution and management.

Coupled with the wide range of expertise available within the Group, which has close links in Canada, the United States, U.K., Italy and the Middle East, this has meant that it has been possible to maintain tight control over all stages of project implementation, with a consequent ability to resolve problems rapidly and to minimise financial wastage. One result has been that the Zappia Group has been able to beat larger and more unwieldy corporations as well as small builders in tendering. Many of the more successful jobs so far completed by the Group have included tight delivery schedules and cost restrictions that other companies have, quite simply, felt unable to accept. The activity of the Group in the field of property development has helped as well, since it means that it understands not only the technical problems related to construction, but also the particular requirements of end-users.

Like any successful entrepreneur, Joseph Zappia

is not afraid to take risks. The Montreal Olympic Village and his condominiums in Canada were built with the Group acting as owner-builder, and there have been other speculative ventures in the United States, all of which have proved to be financially successful. Recently he received the rare accolade of being one of the few foreigners permitted to embark on such a speculative venture in Abu Dhabi, while his hard-earned reputation locally has led him to being approached within the past few months by one of the leading figures in Abu Dhabi for advice on a major construction-related project. More details are promised within the next few months.

The energy that has permitted Joseph Zappia to build and control his expanding construction and development Group has, of course, not helped in the establishment of a conventional way of life. With companies in North America, Europe and Middle East, he has for years been a peripatetic traveller. His French Canadian wife, Françoise, has given up the hope of being able to persuade him to live otherwise, and has, instead, become one of his closest advisers. "With the hectic life he leads, I have come to persevere with him, and to ally myself with him in the achievement of his goals".



On the job: another project takes shape, this one in Saudi Arabia.

Asked to describe himself recently in one and in two words, Joseph Zappia paused a moment for reflection. "Builder", he said. And in two words? An associate interjects 'Builder, Builder'. Zappia, however, has another answer, 'Creative Builder'.

One of his latest projects, the headquarters for the Emirates Commercial Bank in Abu Dhabi, makes the point. It will be the first building in the U.A.E.'s capital to have underground parking, two floors deep. In most cities, and certainly in most of those in which Zappia is accustomed to operating, that would pose no special problems. Abu Dhabi, however, is a small sandy island, only a few feet above sealevel. Two metres below ground level, a hole fills rapidly with sea water, and, in consequence, before work on the car park can begin, a huge hole must be dug, and lined with special salt-resistant steel and concrete. Yet the city, rapidly growing, is desperately short of car parking space. Underground car parking in Abu Dhabi - that is real creative building, and Zappia is already engaged in designs for a second building that will also provide such space. In a country where many architects and builders have chosen to construct simple skyscraper boxes with little imagination, the Emirates Commercial Bank Building and its car-park is an example of the style and the flair that have made Joseph Zappia, in five short years, a growing force in Middle East and international construction.



The Montreal Olympic village, a 95 million Dollar project which was completed in a race against the



BUSINESS NEWS BRIEFS

Mobil Reports Oil Find Off Newfoundland

NEW YORK — Mobil Oil Canada said Tuesday the initial test of its Hebron 1-13 wildcat well in the ocean off Newfoundland yielded oil at the daily rate of 3,725 barrels a day and gas at a rate of 3.95 million cubic feet.

Estel, Salzgitter Win Soviet Pipe Order

BONN — A joint sales operation run by steelmakers Salzgitter of West Germany and Estel Hoersch Werke, a West German unit of the Dutch-German Estel Hoersch-Hoogovens steel group, has won a Soviet order for 100,000 metric tons of steel pipe, Salzgitter said Tuesday.

W. German Auto Output Off 8% in First Half

FRANKFURT — West German auto production in first half 1981 fell 8 percent to 1.99 million vehicles from 2.15 million a year ago, the industry association, VDA, said Tuesday.

Airbus Agrees to Suspend Japanese Purchase

TOKYO — Airbus Industrie has agreed with Toa Domestic Airlines of Japan to postpone purchase of two Airbus and to open negotiations on the possible cancellation of three other planes ordered, TDA said Tuesday.

Alcan Says 2d Half Outlook Is Dim

MONTREAL — Alcan Aluminum said Tuesday the outlook for results in the second half of 1981 "does not appear encouraging."

Cost of Japan's Support Of Yen Put at \$1 Billion

TOKYO — The Bank of Japan has sold around \$1 billion this month to support the yen, banking sources said Tuesday.

Export Credit Proposals Make Japanese Uneasy

TOKYO — The Common Market, with U.S. support, has proposed a uniform 2 percentage point rise in the export credit guidelines of the Organization for Economic Cooperation and Development, placing Japan in an embarrassing position, Japanese government sources said Tuesday.

CURRENCY RATES

Table with columns for currency, rate, and source. Includes entries for Australian dollar, Canadian dollar, etc.

BP-Mexico in Talks Over Crude Contract

LONDON — British Petroleum is holding talks in London with Mexico's state oil company, Pemex, on a possible crude oil supply contract, but no agreement has been reached, a BP spokesman said Monday.

France Asked To Delay Elf On Texasgulf

Bids by Foreigners Prompt U.S. Move

By Clyde E. Farnsworth New York Times Service

WASHINGTON — The United States has asked France to delay a bid by its state-held oil company Elf-Aquitaine for Texasgulf Inc., the world's largest producer of sulfur and a leading producer of other minerals and petroleum.

The move is a sign of concern by the United States over mounting foreign investment activity.

Much of the concern has been related to takeover bids from Canadian companies. This is the first time a French company has been singled out.

An administration official said the unusual action had been taken by the Committee on Foreign Investment in the United States, an interagency body led by the Treasury Department and set up in the mid-1970s to monitor foreign investments.

The committee does not have the legal authority to block an investment. Its intervention is considered important, however, as a point of diplomatic pressure on a foreign government.

Marc E. Leland, assistant secretary of the Treasury for international affairs and current chairman of the committee, made the request last Wednesday to France's ambassador, Francois de Laboulaye, asking for the purchase to be put off until the committee completes a study of the implication for U.S. national interests.

Elf-Aquitaine, two-thirds owned by the French government and about 10 percent in state arms, is the world's oil majors has made a \$2.8-billion cash offer for shares of Texasgulf in a complex transaction that also involves the Canada Development Corp., a company controlled by the Canadian government.

The move into the Texasgulf situation came only about a week before expiration of the Elf Aquitaine treaty. The expiration date is July 27.

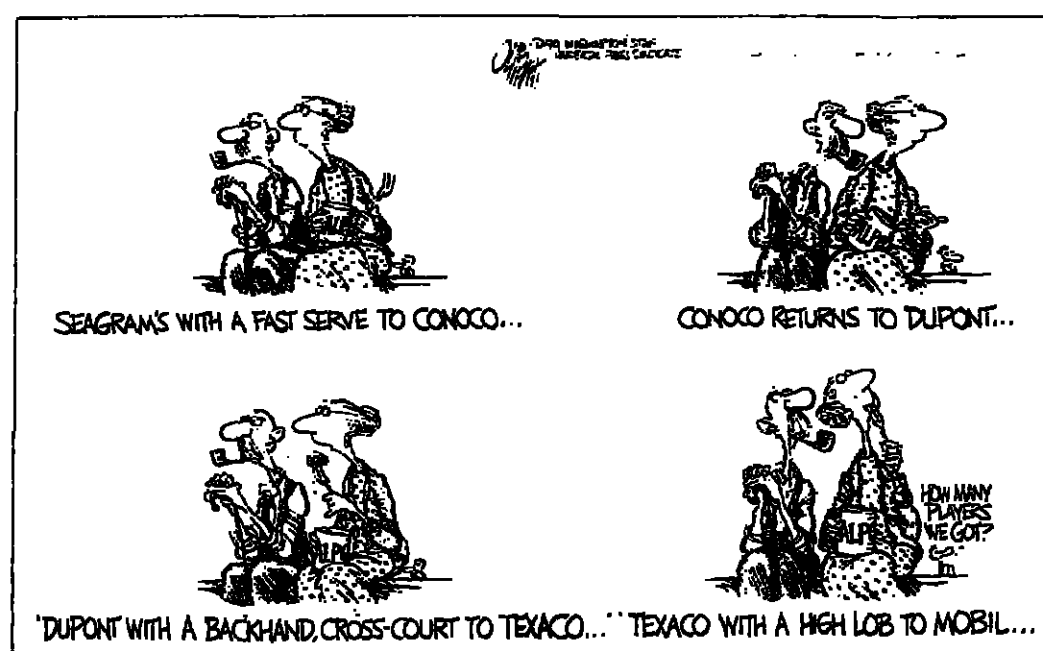
A Texasgulf official commented: "It may be too late to head them off at the pass."

Elf-Aquitaine said Tuesday it has started buying Texasgulf shares under its tender offer for all shares at \$56 each per common share and \$178.49 for each convertible preferred share, Reuters reported. The company did not say how many shares have been tendered so far.

One motivation for the step up in takeover operations has been the depreciation of U.S. oil prices, which increases attractiveness of U.S. energy producers with potentially large crude reserves.

The Committee on Foreign Investment in the United States has acted on the Texasgulf-Elf situation because of what one administration official described as "concern" that a foreign government would be taking over a position in a sensitive industry.

The Committee on Foreign Investment, besides the Treasury, includes representatives from the Departments of Commerce, State, Defense and Labor and from the Office of the U.S. Trade Representative.



Conoco Supports Du Pont, Spurns Mobil

By John M. Berry and James L. Rowe Jr. Washington Post Service

WASHINGTON — Conoco, one of the most hotly pursued takeover candidates in memory, said Monday that it opposed the \$7.8 billion bid made by Mobil Co. last week and that it still supports Du Pont's \$7.4 billion offer.

Conoco Chairman Ralph E. Bailey said directors, in unanimously opposing the Mobil offer, also authorized the company to go to court to try to block Mobil's offer on the ground that it would violate antitrust laws.

Mobil, with annual sales of more than \$59 billion last year, is the second-largest U.S. oil company. Conoco, at \$18.3 billion is the ninth largest.

Antitrust Issue

Mobil said last week that its lawyers had determined there would be no antitrust violation in a merged Mobil and Conoco. The federal government will review the Mobil offer, the Du Pont offer and a \$3.77 billion bid for 51 percent of Conoco's stock made by the big Canadian distiller, Seagram Co.

The Conoco statement said that, "If Mobil is permitted to acquire them, it competes vigorously and broadly with Mobil in all phases of the petroleum business — a major restructuring of the U.S. industry is likely to result, with substantial energy enterprises like Conoco disappearing as vigorous competitors from the market."

Meanwhile, speculation began to focus on what Gulf Oil Corp. planned to do with a \$5 billion line of credit the company said it is negotiating. It already had in hand a \$1 billion line, which it expects to use for "current financial requirements" including previously announced capital-spending plans.

Bankers Trust of New York and National Westminster Bank of London head the banking syndicate that would offer the credit.

[Mobil drew down all \$6 billion of the credit facility Tuesday, in a sensitive industry.

French Move on Boycott

PARIS — French Prime Minister Pierre Mauroy issued an order effectively making illegal the compliance by French firms with the Arab economic boycott of Israel, the prime minister's office said Tuesday. The order annulled instructions from the previous administration which excluded the boycott from a French law banning economic discrimination on racial, religious or ethnic grounds.

Market Closed

All financial markets were closed Tuesday in Belgium for a local holiday.

Interest Fears Push NYSE Prices Lower

From Agency Dispatches

NEW YORK — New York Stock Exchange prices closed lower Tuesday, still buffeted by concerns over high interest rates.

The Dow Jones industrial average declined 6.08 points to 934.46, putting the index close to a new low for the year. The Dow has declined 89.59 points since reaching an eight-year high of 1,024.05 on April 27.

Decides led advances 1,187 to 388 as volume rose to 47.3 million shares from 40.2 million Monday.

Michael Metz of Oppenheimer & Co. said the market gained some support late in the day from bargain hunting and a slightly firming bond market, but he expects the decline to resume Wednesday.

Other analysts said they expect the market to continue to fall for the next few weeks until it reaches an oversold position.

Prices were lower in moderate trading of American Stock Exchange issues.

Fears that rates will remain high were reinforced Tuesday by news from the Ottawa summit, where President Reagan indicated the United States will stand firm on monetary policy, and by Federal Reserve Chairman Paul Volcker's statement to Congress that the Fed will also adhere to a restrictive monetary policy.

Meanwhile, the rate on federal funds, the reserve bank lend one another, surged as high as 20 1/2 percent in the credit markets, the 91-day Treasury bill closed at a yield of 15.67 percent compared with an average 15.563 percent at Monday's auction, while the half-year bill was at 15.43 percent against an average 15.318 percent.

Chase Manhattan Bank and Manufacturers Hanover Trust said they raised their broker loan rates to 20 1/2 percent from 19 1/2 percent. Earlier, Chemical Bank raised its rate to 20 1/2 percent.

Most of the action in the stock market involved the takeover offers for Conoco by Jos. Seagram & Sons, Du Pont and Mobil Corp. Conoco, a 2-point loser Monday, led the active list, closing at 84 1/2, off 1 1/2.

In other corporate news, Polaroid said its founder and chairman, Edwin H. Land, asked the firm to register with the Securities and Exchange Commission a secondary public offering of 1.5 million shares.

From Washington, the Commerce Department reported that U.S. personal income rose 0.6 percent in June. The increase followed 0.6 percent rises in May and April. The department also reported that new orders for manufactured goods rose a revised 0.9 percent in May and 0.7 percent in April.

In London, the dollar closed at 2.4690 Deutsche marks after opening at 2.4500 and finishing Monday at 2.4455. Dealers said the dollar was spurred throughout the day by the strengthening of Eurodollar deposit rates from their already firm opening. Three-month deposits closed around 19 1/2 percent.

Mr. Volcker's testimony, the FOMC forecast real GNP growth of 1 to 3.5 percent this year and 1 to 4 percent in 1982, Reuters reported.

[In the mid-year monetary policy report, the committee also forecast an unemployment rate of 7.5 to 8.25 percent this year, and 7 to 8.5 percent in 1982.

[The committee said the near-term outlook is for prices to continue to rise at a more moderate pace than last year.

[Commenting on the recent activity in corporate mergers, Mr. Volcker told the committee that the takeover bids have so far had only a limited impact on the availability of credit, according to Reuters.

[He said he has some concern about the speed with which banks are extending lines of credit, but he did not indicate any need for action by the Fed.

[He noted that in instances such as the fight for control of Conoco, much of the credit is duplicated and is never actually drawn upon.

[Mr. Volcker said credit extensions can affect distribution of credit, possibly to the detriment of small borrowers, but the overall balance of credit "may not be appreciably changed."

House Panel Excoriates Tight Fed Policy

John M. Berry Washington Post Service

WASHINGTON — Federal Reserve Chairman Paul A. Volcker Tuesday faced strong criticism from members of the House Banking Committee as he announced the Fed is further tightening monetary policy by lowering a key money supply growth target.

Democrats and Republicans alike denounced the harsh impact of near-record high interest rates.

It was by far the sharpest criticism Mr. Volcker has met as chairman, and its bipartisan nature indicates that previously strong congressional backing for tight control of money supply growth is eroding in the face of constituent complaints.

The target for M-2, which includes the items in M-1 as well as savings accounts at commercial banks, shares in money market mutual funds and funds obtained by financial institutions by selling securities with overnight repurchase agreements, was left unchanged at 6.9 percent both for this year and for 1982. However, Mr. Volcker said that next year the Fed would shoot for the mid-point of that range, whereas this year the central bank hopes merely to stay within its upper bound.

[In a report that accompanied

er and a majority of the Fed's seven-member board of governors.

Nevertheless, Mr. Volcker said the Fed would continue to pursue a tight money policy to combat inflation.

Specifically, the chairman said the central bank's Federal Open Market Committee decided for the remainder of this year to aim for the lower end of the 3 1/2- to 6-percent target range for growth of M-1B instead of the mid-point of the range.

For 1982, the target for growth of M-1B, the measure of money that includes currency in circulation and checking deposits at all financial institutions, was lowered to a range of 2 1/2-5 1/2 percent, Mr. Volcker said.

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An incensed Rep. Henry Gonzalez, Democrat of Texas, charged that the Fed has "legalized usury," and said he is preparing a bill of impeachment covering Mr. Volcker.

Chicago Mart Wins Approval On CD Futures

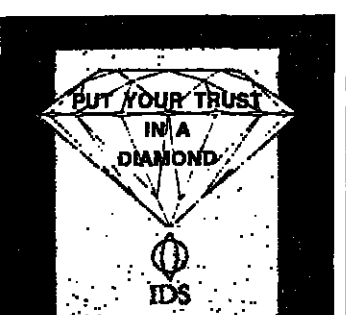
United Press International

CHICAGO — The Commodity Futures Trading Commission Tuesday approved the Chicago Board of Trade's plan for futures contracts in certificates of deposit.

The Chicago Board of Trade is the second futures exchange to receive government approval to trade the new futures. Last month the commission cleared trading in CD futures on the New York Futures Exchange.

The proposed CBT contract calls for delivery of a fixed-rate, \$1 million certificate of deposit maturing between 75 and 105 days after delivery. Delivery months will be March, June, September, and December.

Deliverable certificates will be those issued by selected U.S. banks, which will be named by the CBT before trading begins on Wednesday. The CFTC is scheduled to consider a trading application from a third exchange, the Chicago Mercantile Exchange, next week.



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All these Bonds have been sold. This announcement appears as a matter of record only.

NEW ISSUE July 1, 1981

Advertisement for N.V. Nederlandse Gasunie, Groningen, The Netherlands. 20,000,000 European Units of Account 11 1/4 per cent. 1981-1988 Bonds. Kredietbank International Group.

Table listing various international banks and their services, including Alahli Bank of Kuwait, Banca del Gottardo, Bank of America International, etc.



NYSE Nationwide Trading Closing Prices July 21

Tables include the nationwide prices up to the closing on Wall Street.

NYSE Nationwide Trading Closing Prices July 21. Multiple columns listing stock symbols, prices, and changes.

Questions in Connection With... All quotes unless otherwise noted.

Toronto Stocks Closing Prices, July 20, 1981. List of Toronto stock prices.

Montreal Stocks Closing Prices, July 20, 1981. List of Montreal stock prices.

Paris Commodities (Figures in French francs per metric ton). List of Paris commodity prices.

Canadian Indexes July 21, 1981. Summary of Canadian market indexes.

Market Summary NYSE Most Active. Summary of NYSE trading activity.

European Stock Markets July 21, 1981. Summary of European stock market performance.

Cash Prices July 20, 1981. List of various cash prices.

London Market Summary NYSE Most Active. Summary of London market activity.

Frankfurt Market Summary NYSE Most Active. Summary of Frankfurt market activity.

Zurich Market Summary NYSE Most Active. Summary of Zurich market activity.

Milan Market Summary NYSE Most Active. Summary of Milan market activity.

Selected Over-the-Counter Closing Prices, July 21, 1981. List of over-the-counter prices.

Commodity Indexes July 20, 1981. Summary of commodity index values.

AMERICAN MOST ACTIVE. NOTIFICATION COMP TEND TWO: A MANAGED COMMODITY ACCOUNT. Equity on January 1, 1981: \$100,000. Equity on July 16, 1981: \$215,629.10.

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